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NEWS SUMMARY

Zambia invasion claim denied. Gold off \$8; Equities dull. Japan in U.S. steel group bid.

Times back on November 13. Shah 'has cancer'. Booker winner. ITV return. Jail demand. Briefly...

CHIEF PRICE CHANGES YESTERDAY (Prices in pence unless otherwise indicated)

Table with columns for RISES and FALLS, listing various commodities and their price changes.

Howe removes all exchange controls

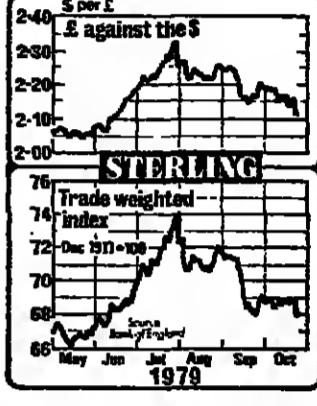
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ALL REMAINING British exchange control restrictions have been removed by the Government. This takes effect today.

Sterling slips against a strong \$

BY JOHN MAKINSON

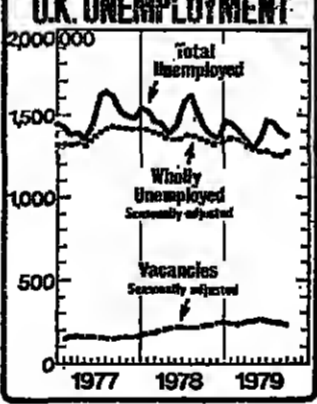
STERLING slipped against the dollar throughout the morning yesterday, as rumours spread that an exchange control announcement was imminent.



Adult unemployment up sharply while vacancies fall again

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ADULT UNEMPLOYMENT in the UK rose sharply during the last month and notified vacancies dropped for the fourth month running.



U.S. prime rates up to 15%

BY DAVID LASCELLES IN NEW YORK

U.S. BANKS raised their prime rate another half per cent to 15 per cent yesterday, the second sharp rise since the Federal Reserve's credit package of October 6.



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Table of Contents listing various sections and their page numbers.

EUROPEAN NEWS

Sharp drop in retail trade-IFO

By Roger Boyes in Bonn
CONSUMER GOODS retailers saw a sharp drop in turnover and a general deterioration in the business climate during September, according to the latest monthly survey of the West German IFO economic research institute.

Soviet troops offer puts Bonn policy-makers in a quandary

BY JONATHAN CARR IN BONN

THE STRATEGIC balance between East and West is presenting West Germany's foreign policy makers with one of their most difficult problems in years.

THE CHALLENGE TO NATO



have often brought him criticism both at home and in NATO. The West Germans believe that the NATO council in Brussels in December should make two interlocking decisions.



French, British and West German Defence Ministers watch a recent Bundeswehr exercise.

The pressures on the West Germans are clear enough. Should they take Mr. Brezhnev's offer at face value, thereby raising fears among their Western allies, and the U.S. in particular, that Bonn is unreliable or even "going neutral"?

respond to the threat posed to it by the build-up of Soviet intermediate range nuclear missiles like the SS-20. These missiles can hit almost any target in Western Europe from Soviet territory (although they could not reach the U.S.), and the West has no wholly credible counter.

For another thing, Mr. Brezhnev is clearly not in the best of health—and Bonn feels it sees a clarity of line in Soviet foreign policy, including a readiness, under certain conditions, to limit the arms build-up, which might not survive him.

The latter course would hardly be acceptable to Chancellor Helmut Schmidt's Social Democrat Party (SPD).

This is not the first time that the Bonn Government has faced such a dilemma. But several factors now make it more urgent. For one thing, the North Atlantic Treaty Organisation (NATO) is facing decisions this December on how to

would be put neatly back in Soviet hands. It would take several years before the Western weapons were available for installation. That time should show to what extent Mr. Brezhnev's already expressed readiness to negotiate on the intermediate-range problem is genuine. The ideal would be for the Soviet Union to disband its weapons of this kind altogether, in which case there would be no need for a Western counter-weight at all. But there are few, if any, West German policy-makers who are that optimistic.

Might not the NATO decision on production and deployment so incense Mr. Brezhnev that the Soviet Union would simply intensify its own arms production and renege on its negotiating offer? Herr Schmidt thinks not. He believes Mr. Brezhnev made his carrot-and-stick speech in East Berlin in the expectation that the West would, in

fact, go ahead with the kind of decisions the West Germans are advocating.

Herr Schmidt notes that Mr. Brezhnev threatened a Soviet reaction not specifically to NATO arms decisions but to the implementation of those decisions—that is, actually to install the new weapons. If this interpretation is correct, then Soviet policy-makers are preparing to release another propaganda blast after the NATO Council meeting at which the decisions are taken while simultaneously preparing for new negotiations to limit arms.

All this presupposes that the West Europeans are prepared to have these new (American-supplied) weapons installed on

their territory. So far this is not certain. The West German Government is ready to agree to accept the missile, providing other European Governments (excluding Britain and France, which are already nuclear powers in their own right) do so too. This throws a particular strain on the Benelux countries. But Bonn firmly underlines that it is not a nuclear weapons state and does not even want to arouse the impression that it would like to become one.

An outcome of alliance discussions which left West Germany as the only likely new hearer of intermediate range nuclear arms is regarded in Bonn in advance as unacceptable. Not only would it be de-

plored in the east, it would be bound to arouse all fears and criticism in the West too.

Should the Europeans in the end feel they were not able to make any collective commitment on installation, the West Germans believe the alliance would be in a dangerous position. A possible counter-weight to Soviet power as well as a bargaining counter would have been thrown away. This in turn would strain severely the relationship between the U.S. and its NATO partners. President Carter shelved the option of the neutron weapon following an upsurge of European protests accompanied by Soviet threats. A similar development now might, it is felt, convince the

U.S. that the European members of the alliance were simply incapable of taking the decisions needed for their own credible defence.

This is one reason why West German criticism of the U.S. and of its President has become noticeably more muted in recent months, and why current differences with Washington over the level of Bonn's defence expenditure have come at a particularly inconvenient time.

The Americans want the West Germans to increase their defence spending by three per cent annually in real terms, as they and other alliance members have promised. But Bonn will achieve only about half that rate next year. Herr Schmidt was particularly irritated when the U.S. national Security Affairs adviser, Mr. Zbigniew Brzezinski, recently raised the issue in talks with a West German opposition politician whose foreign policy expertise leaves the chancellor far from convinced.

But this row is not central to Bonn's concerns with the U.S. at present. More important is that the U.S. Congress should ratify the Salt-2 accord with the Soviet Union and that Washington should stick to a policy aimed at maintaining a balance of East-West power in Europe negotiated down to the lowest possible level of force. Without both those developments, West Germany would see not just its hopes for detente disappointed but its very security endangered.

World oil supply and demand on knife edge, says IEA chief

BY MARTIN DICKSON IN DUSSELDORF

WORLD SUPPLY and demand for oil are in such tight balance that loss of production by a relatively small producer could cause havoc in international markets, Dr. Ulf Lantze, executive director of the International Energy Agency, warned yesterday.

Speaking on the opening day of a Financial Times world conference on energy and industry, Dr. Lantze said that although oil stocks were being built towards a healthy level, and it did not appear there would be real shortages in getting through the winter, the improved outlook could breed complacency.

In the short term, further serious risk remained. It was uncertain how long Saudi Arabia would maintain production of 1m barrels a day above its announced ceiling. The political situation in Iran had not yet stabilised and the possibility of reduced production levels in other countries was at least under discussion.

Dr. Lantze said that as 1979 ended, little or no spare capacity existed to absorb changes and unexpected developments in oil supply or demand.

The medium term prospects to 1985 also presented Governments with serious problems. Maintaining economic growth at levels previously considered desirable to keep employment at acceptable levels could result in a large unsatisfied demand for energy, equivalent to 3m-4m b/d of oil.

Recent trends, including slower economic growth, growing energy efficiency, and some prospect of accelerating indigenous supplies, could significantly reduce the potential deficit, if at the same time OPEC increased its production level.

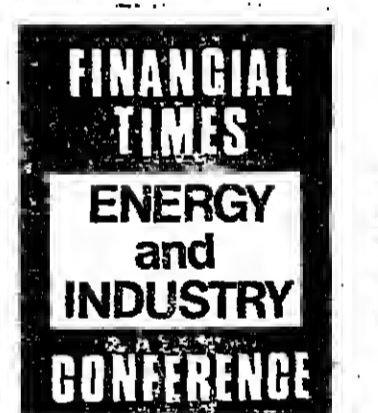
Against this, however, Dr. Lantze said that OPEC production might not increase much above current levels. Dr. Dieter von Wurzen, the West German Secretary of State for Energy, emphasised the role of coal and nuclear power in a speech read to the conference on his behalf.

"During the next 20 years or so, we shall only be able to make real progress along the path leading away from oil if we strengthen and consolidate two of the pillars on which our energy supply will rest more and more—nuclear energy and coal," he said.

Mr. Norman Lamont, the British Under-Secretary of State for Energy, listed what he regarded as the three most important elements of the UK's approach to energy policy: pricing, healthy competition between all fuels, and energy conservation.

The price of fuels, he argued, should not be held below the long-run cost of supply and should bear a reasonable relationship to the price of competing fuels.

Mr. John Winger, senior energy economist at the Chase Manhattan Bank, produced



figures to show that investment in the U.S. by the oil and gas industry since the Second World War had closely followed price changes.

"No special effort is needed by the Government to boost investment," he said. "If the price improves, industry will invest."

At the same time, Mr. Winger pointed to a falling real return in the U.S. oil industry on capital invested and said that "either Government allows the industry to retain more financial resources for research or the Government must do the work themselves."

Mr. T. F. Hart, co-ordinator of group planning for the Shell International Petroleum Co. produced two broad estimates of likely energy growth in the non-Communist world up to 1990.

If there was a vigorous response to the oil crisis by both OPEC and the OECD countries, he reckoned that available energy could grow by 3 per cent per annum.

However, if both OPEC and the OECD responded sluggishly, the increase could be in the region of 1 per cent per annum. He thought that a more realistic estimate was around 2 per cent.

W. German vehicle output increases in September

FRANKFURT—West German motor vehicle production rose to 390,900 in September from 359,556 in the holiday month of August. But it was down from 392,999 a year earlier, the West German motor industry association, VDA, said.

This brings output in the first nine months of 1979 to 3.21m compared with 3.12m a year earlier.

The VDA said cars and estate cars dropped to 2.98m in the nine months, against 2.90m a year earlier, while commercial vehicles rose to 233,500 from 215,338 in the same 1978 period.

Vehicle exports in September totalled 185,000 against 133,565 in August, and 191,894 in September, 1978, the VDA said.

In the nine-month period, vehicle exports rose to 1.60m from 1.52m a year earlier. Suppositions that the Bundes-

bank is interested in allowing the D-Mark to appreciate against the dollar in order to reduce imported inflation are untrue, the central bank president Dr. Otmar Emminger said yesterday.

In a speech prepared for delivery at an international symposium, he said the Bundesbank has also been accused of taking precisely the opposite step, allowing the dollar to rise too far and thereby helping West German exporters. This is also untrue, he added.

"We do not try to manipulate the exchange rate of the D-Mark in one way or the other."

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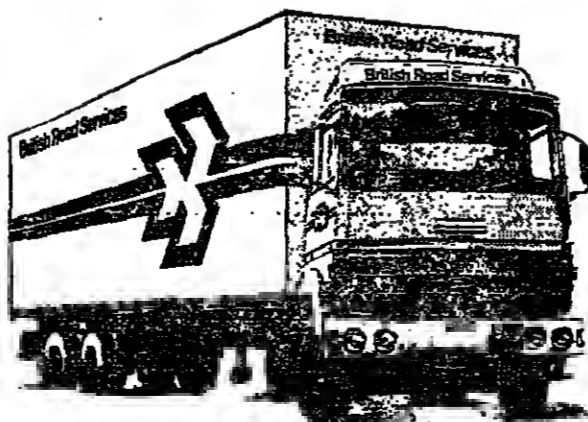
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EUROPEAN NEWS

First loan to German steel under EEC plan

By Our Bonn Staff

THE DM 150m (£39m) loan which the European Commission has granted to Friedrich Krupp Huettnerwerke, is thought to be the first to a West German steel company under the EEC Davignon programme to encourage faster restructuring in the industry.

A spokesman for FKH, the major subsidiary within the Krupp group, said the long-term, low-interest loan would be used mainly in the development of special steels technologies but that the benefits would be spread over several of the company's plants.

FKH is engaged in a major re-equipment programme, taking advantage of the breathing space provided by the Davignon minimum price plan. It has installed what it says is Europe's first six-line continuous casting unit for producing special steel billets at Siegen.

The West German steel industry has been particularly critical about what it claims is over-subsidised competition from other European producers like Britain, Italy and France. But FKH, which has benefited in the past from European Coal and Steel Community loans, stressed yesterday that the latest move could not be viewed as a subsidy and that the money would not be used to create new capacity.

The loan comes at a time when there is a slight upturn in the fortunes of the West German steel market. Figures released yesterday by the Iron and Steel Association show that new orders were up again in September to 1.9m tonnes for rolled steel and finished products (the figures exclude orders for special steels and semi-finished products).

Chairman Hua Guofeng, the Chinese leader, has softened the tone of his anti-Soviet criticism during his visit to Bonn and has shifted the focus of his talks to economic co-operation.

He did urge that all countries strengthen themselves against "hegemonism," the expression the Chinese usually use to describe the Soviet Union, but the tenor of his speech was less aggressive than in Paris.

Budget debate chaos strains French coalition

By Robert Mauthner in Paris

THE FRENCH National Assembly's rejection on Monday night of the revenue provisions of the 1980 budget has seriously undermined the Government's authority, and has opened a new chapter in the already tense relations between the Gaullists and President Giscard d'Estaing's administration.

The systematic opposition to the budget by the Gaullists, one of the two main partners in the ruling coalition, has created a situation unprecedented since the creation of the Fifth Republic in 1958. A President, backed by a substantial, though often quarrelsome parliamentary majority, has failed to obtain the Assembly's support for the most vital piece of legislation of the year.

If a major political crisis has been avoided so far, it is because there is still time for a compromise to be worked out, and because the Government can make use of a constitutional provision to force the budget's adoption.

Falling in agreement by November 17, when the budget comes up for a second reading, M. Raymond Barre, the Prime Minister, can make the budget a question of confidence. It can only be rejected then if an absolute majority of deputies

supports a censure motion. The Gaullists have already made clear that they would not be prepared to bring down the Government in this way.

The voting on Monday night took place in utter confusion, reminiscent of the worst days of the Fourth Republic. After the defeat of a Gaullist amendment providing for a cut in the central administration's running costs of FF7.2bn (about £220m), the Gaullists retaliated by abstaining from the vote on the whole revenue side of the budget.

This was defeated by the combined forces of the Socialist and Communist opposition parties. Even the most seasoned observers of the French parliamentary scene threw up their hands in amazement at the "ad hoc" combinations and reversals of traditional alliances which brought about this state of affairs.

The Assembly is now in the ludicrous position of having to discuss the expenditure side of the budget without knowing whether it can be covered by Treasury receipts. For the Gaullists, and particularly their leader M. Jacques Chirac, the debate has presented a unique occasion for establishing their separate identity.

Italy deficit of £325m worst for two years

By Rupert Cornwell in Rome

THE DANGER signals for the Italian economy have become more ominous with the publication of the latest balance of payments figures which show a deficit of L. 589bn (£325.6m) for September, the worst monthly return for more than two years.

The deficit reduces the accumulated surplus for the first three quarters of 1979 to L1.854bn, compared with L4.992bn at a similar point last year, and suggests that the final surplus for this year will be less than half the record L66.4bn (£3.72bn) of 1978.

To an extent, the deterioration is due to normal factors—the end of the tourist season and the repayment of L300bn worth of official borrowings, clearing in the process the last of Italy's debts with the International Monetary Fund.

In addition, the country's commercial banking system reduced its foreign debts significantly during last month, generating a net outflow of L110bn from overall reserves. It was in part to staunch this trend, in response to higher interest rates abroad, that the Bank of Italy lifted its discount rate to 12 per cent from 10.5 per cent earlier this month.

Most worrying, however, is the apparent deficit on current transactions last month of about L200bn. This represents a marked turnaround from the long period of current surplus.

Underlying the swing into deficit are the sharp increase in energy prices, the full impact of which is only beginning to be felt, and the rapid rise in domestic inflation, now running at about 17 per cent on an annual basis.

Following last month's jump of 2.5 per cent in retail prices, early indications from the main Italian cities suggest that this month might well see a further increase of up to 3 per cent. At the same time economic growth is starting to slow and 1980's expansion is at best forecast at 2.5 per cent, compared with about 4.5 per cent this year.

EUROPEAN PARLIAMENT FLEXES MUSCLES OVER UK CONTRIBUTION

MPs demand say on budget issue

BY ELINOR GOODMAN, LOBBY STAFF

THE EUROPEAN Parliament yesterday asserted its right to be involved in discussions about how to cut the cost of Community membership to Britain.

MPs meeting in Strasbourg voted overwhelmingly to call EEC Commissioners to Strasbourg next month to explain the thinking behind the various options put forward for solving the problem. This will be before they go to Dublin for the European Council meeting at the end of the month.

The Socialist motion also requires a Council member to report to Parliament on progress made at the meeting at which Mrs. Margaret Thatcher, the British Premier, has made

it clear she regards as the deadline for a solution to the budgetary problem.

The decision to put the motion to a vote yesterday followed a heated debate on Monday during which MPs showed their resentment at the way they felt the European Council was accumulating powers which had no basis in the European treaties.

The resentment focused on fears that the Commission was deliberately refusing to give Parliament the opportunity to discuss the options paper which it has drawn up.

Yesterday's resolution means that the Commission will have to provide Parliament with a

copy of these proposals when they are ready. The motion was supported by almost all political groups, this does not by any means suggest that Britain can look to the European Parliament for support for the size of the reduction it will be seeking in Dublin. Even without the delegation of 61 Conservative members, opinions are divided over the wisdom of the tactics being adopted by British Ministers.

Some Conservatives were saying yesterday that she risked either having to climb down or opening a serious rift with the rest of the Community. Others, however, seemed genuinely enthusiastic in their support for her tactics. They argued that anything short of the position being adopted by the Prime Minister would be a betrayal of the promises made during the European election campaign.

The European Tories failed yesterday in another campaign to have Britain's problems discussed by Parliament. A motion calling for an emergency debate on the whole question of sheep meat imports to France was rejected by all the other groups.

E. Germany exiles author

ONE OF East Germany's most popular authors, Herr Guenther Kunert, has joined the growing number of East German writers and artists who are being forced to leave their country for the West.

Herr Kunert (50) has come to West Germany after learning that his books were being removed from public libraries in East Germany because of his opposition to the country's cultural policy.

A few days ago a well known East German actor, Herr Armin Mueller-Stahl, arrived in West Germany after one of his films was blacklisted because he had protested against the expulsion in 1976 of the East German poet and balladier, Herr Wolf Biermann.

Last week the East German economist and Marxist critic of his society, Herr Rudolf Bahro, was put on a train for West Germany after being released from prison in a general amnesty. Dozens of other East Germans who openly voiced critical opinions about their country's "existing socialism" have also been encouraged by the authorities to leave.

Herr Kunert was especially popular among East Germans because of his poetry, short stories and the diaries of his travels in Western countries, which most of his compatriots are unable to visit.

Belgium's language war flares

BY GILES MERRITT IN BRUSSELS

BELGIUM'S PRECARIOUS political calm of recent months now risks being upset by a sharp resurgence of the country's bitter "language war" between the francophone Walloon community and the Dutch-speaking Flemings.

In the wake of violent clashes in eastern Belgium at the weekend, the political spotlight in Brussels has moved from examination of Prime Minister Wilfried Martens's programme for stemming state spending to the volatile issue of community rivalries.

The latest community crisis

was triggered by rioting last Sunday that resulted in one of Belgium's foremost Flemish militants being charged under legislation forbidding private militia.

The riots took place in the Fourons region, a French-speaking enclave of Flanders close to the Dutch border. In what appears to have been a well-planned demonstration, about 1,500 militants belonging to the hard-line Flemish organisation, Vlaamse Militante Orde (VMO), invaded the town of Fourons-le-Comice, occupied the town hall and clashed with paramilitary units of the gendarmerie.

Almost 100 arrests were made, but the Belgian authorities' most significant step has been to charge the leader of the VMO, with contravening a 1984 law against the formation of private armies or militia.

The case against the VMO leader threatens to create further political tensions, even though M. Martens has already taken steps to head off a confrontation between the political representatives of the militant fringes on both sides of the community divide through informal discussions with the country's main party leaders.

10 years' jail call in Prague trial

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE PUBLIC prosecutor yesterday called for the maximum sentence of up to 10 years' jail for three of the six Czechoslovak dissidents on trial in Prague on subversion charges.

The prosecutor singled out playwright Vaclav Havel, engineer Peter Ubl and mathematician Vaclav Benda for the maximum sentence, according to dissidents in Prague. He called for lesser terms of up to 6 1/2 years for two other defendants, journalists Jiri Dienstbier and Otta Bednarova. For the sixth defendant, Mrs. Dana Nemcova, who is a psychologist and mother of seven children, the prosecutor reportedly requested

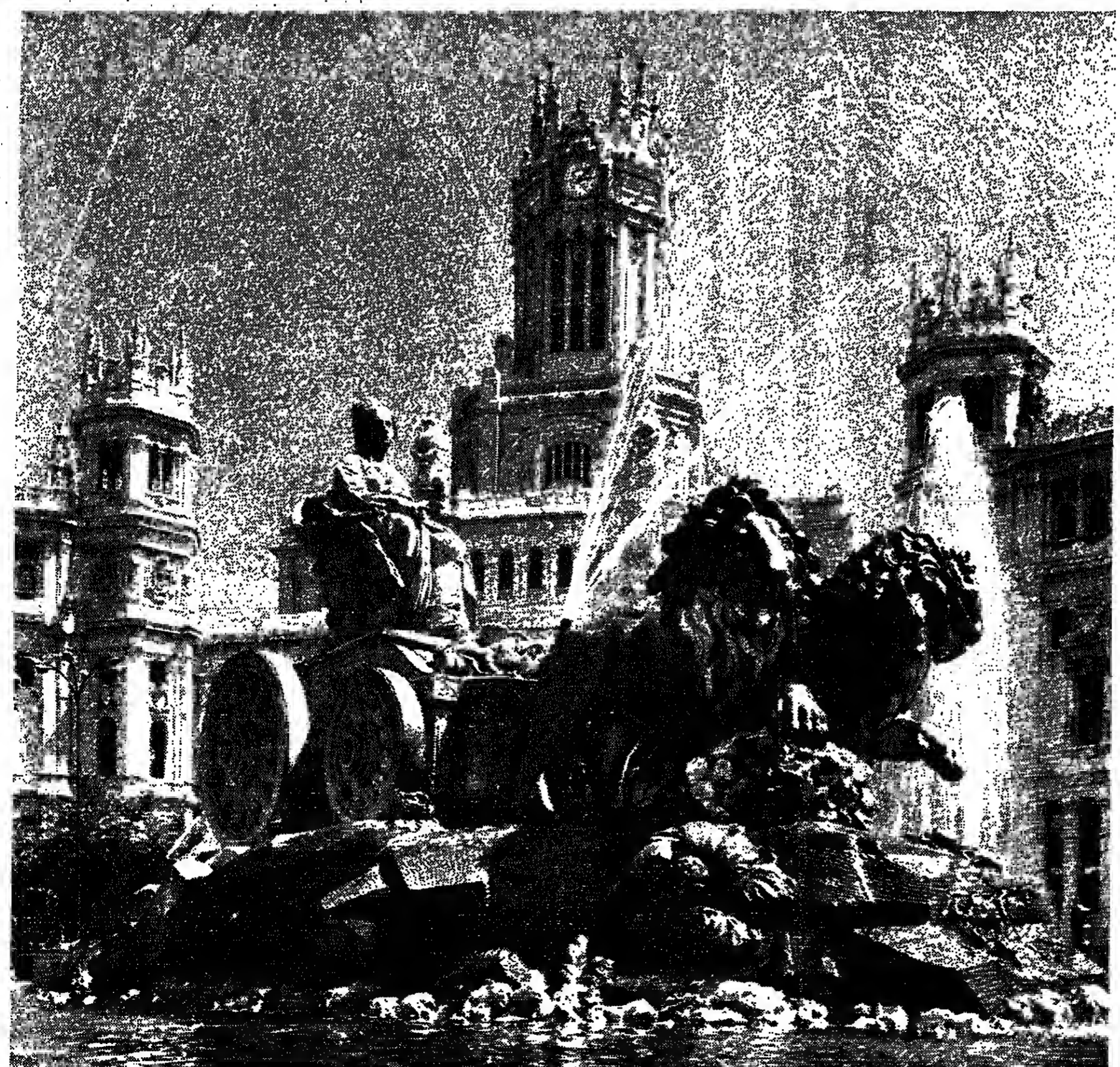
a suspended sentence of up to two years.

The trial, which is formally a public one, is being held in a small court from which friends of the accused, Western diplomats, journalists and legal observers have been denied access. The court is under heavy police guard.

Police and plain-clothes security men detained 37 supporters of the accused who tried to enter the court on Monday. Several are still in custody, according to dissident sources. Official comment on the trial has been limited to the laconic announcement by the official Czechoslovakia news agency that it had begun. Defence lawyers, however, are reported to have protested at the speed with which proceedings are taking place. The first session on Monday ran for 11 hours and the signs are that the prosecution wants the trial to end as soon as possible.

The six accused, members of the Charter 77 civil rights group and the Committee for the Defence of the Unjustly Persecuted, were arrested in May in a police crackdown.

Christopher Roblnski adds from Warsaw: Polish police detained 15 students from Krakow who planned to hold a protest meeting against the Prague trials outside the Czechoslovak Cultural Centre in Warsaw.



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OVERSEAS NEWS

Why Salisbury is squeezing Kaunda

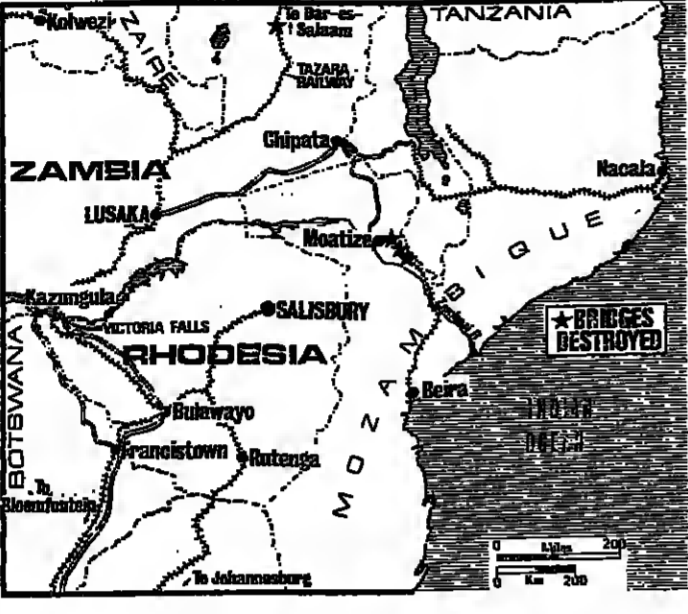
Zambia is short of food and deeply in debt. Will Rhodesia now launch an economic blockade of its neighbour? Michael Holman reports.

PRESIDENT Kenneth Kaunda's warning on Monday night that Rhodesian and South African troops were in southern Zambia underlines his country's military and economic vulnerability.

It is just over a year ago that Rhodesian fighter aircraft controlled Zambia's air space for several hours and bombed installations of Mr. Nkomo's Zimbabwe African Peoples Union near Lusaka.

reopening, copper had been piling up in Zambia. In addition, some 75,000 tons of fertiliser was urgently needed by farmers in time for the rains.

use one of their two outlets to South African ports. Joshua Nkomo's ZAPU forces, out of consideration for President Kaunda, has pledged not to sabotage the line used by the Zambians which runs through the territory in which ZAPU guerrillas operate, and on via Botswana into South Africa.



It was 14 years ago that the world tried to cut Rhodesia's economic lifelines in an attempt to force the rebel colony back to legality. Zambia led the way.

This has forced President Kenneth Kaunda's landlocked state into greater use of the southern line running through Rhodesia and Botswana to South Africa.

Zaire's copper and cobalt producing province of Shaba provides 60-70 per cent of the country's foreign exchange.

During the five years when Zambia refused to use the southern route, President Kaunda allowed Zairian traffic to continue. He might well reverse this decision if his country's future was at stake.

The Rhodesian purpose seems clear. It is to ensure that Zambia's economic needs become incompatible with Dr. Kaunda's continued support for Joshua Nkomo, co-leader of the Patriotic Front, part of whose 15,000-strong army operates against Rhodesia from Zambia.

The hope of the Salisbury government appears to be that Mr. Nkomo, who with Robert Mugabe, is leading the Patriotic Front delegation to the Lancaster House talks, will find himself under increasing pressure from his Zambian hosts to accept British settlement terms and return to Salisbury.

These are the stark facts which have forced Zambia to turn to South Africa for 300,000 tons of maize, in addition to some 75,000 tons either already provided or on its way from Britain, the U.S., the European Economic Community, Kenya and Malawi.

Finally, Rhodesia could not be sure how Dr. Kaunda would react to an economic blockade. Would he sacrifice his deeply held principles and push Mr. Nkomo into a British settlement? Or would he fulfill his oft-repeated threats to accept greater military help from eastern bloc states and brace himself for an internationalised southern Africa conflict?

UAE plan to protect oil exports

By Our Foreign Staff

THE United Arab Emirates (UAE) is considering two major steps to preserve the security of its oil supply at a time when there is increasing concern over the balance of forces among countries around the Gulf.

The first step is to construct a military airport in the emirate of Fujairah, a tiny sheikhdom on the east coast of the country just south of the Omani-held Ras Musandam peninsula.

The town of Fujairah is 60 miles from the tip of the strait and overlooks strategic shipping lanes through which two-thirds of the non-Communist world's oil passes.

The fact that either step is being considered is an indication of the new strategic importance being attached to developments over the past year in Iran. It also shows a new appreciation in the UAE of Fujairah's desirable location in relation to the Straits of Hormuz.

Fujairah is one of the poorest but most beautiful Emirates in the country. It has yet to be blessed by oil, though drilling is continuing, and apart from a few so-called tie factories, a hotel and scattered experimental farms most of its inhabitants still make their living by fishing.

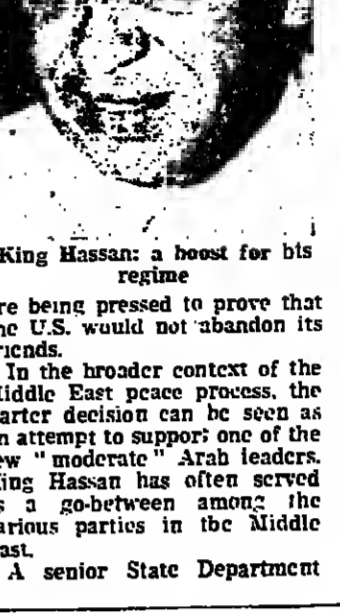
The proposed pipeline would be complemented by full tanker facilities for oil loading. Plans have also gone ahead this week for a \$25m port for general cargo consisting of four berths to be built in the emirate. The port will take 27 months to complete, will accept vessels up to 10,000 tonnes and is being built by the South Korean company, Hyundai.

U.S. arms aid will affect Morocco's Saharan war

BY ALAN FRIEDMAN IN LONDON AND DAVID BUCHAN IN WASHINGTON

THE DECISION by President Carter to ask Congress for approval to sell armed reconnaissance aircraft and helicopters to King Hassan of Morocco is likely to be seen as a major move by the United States in the deepening war in the western Sahara.

Many in Washington feel that, after the fall of the Shah in Iran and of Mr. Anastasio Somoza, the President of Nicaragua, U.S. policy-makers that some show of aid was appropriate.



King Hassan: a boost for his regime

official said yesterday that the proposed arms sale would be enough to allow Morocco to impose a military solution in the Western Sahara, though he could give no assurance that it would lead to a truce and negotiations.

The exact amount of the proposed sale, which will include ground support aircraft and some Cobra helicopter gunships, has not yet been negotiated with Rabat, which is likely to set Saudi Arabian financing for the deal.

Congress will have a 60-day period to review the decision which will run into immediate criticism from the chairman of the Senate and House of Representatives African Affairs sub-committees, Senator George McGovern and Representative Stephen Solarz, who visited North Africa in recent weeks on a fact finding mission.

Egyptian hopes high for Sinai oil

BY ROGER MATTHEWS IN CAIRO

EGYPT IS hoping for significant oil discoveries in over 22,000 square kilometres onshore and offshore northern Sinai.

more sceptical about the chances of oil being found in recoverable quantities and point out that without massive investment in gas liquefaction plants there would be little possibility of being able to market gas in sizeable quantities.

and promising oil-bearing areas. It is doubtful whether Egypt will be able to maintain the 1m b/d level if new discoveries are not found outside the Gulf of Suez, which partly explains the strong official optimism over northern Sinai.

Some 19 blocks, each of approximately 1,200 sq kms, will be open for bidding from early next month and awards are expected to be made in February.

Egypt has no gas pipeline network, although the Government has commissioned feasibility studies for selected residential areas and is also planning to introduce gas to industrial zones.

Egypt has recently acquired the Alma field from Israel, offshore towards the southern end of the Gulf of Suez. But Mr. Ismail Hilal, the Oil Minister has said production will be cut from 38,000 b/d to around 20,000 b/d or less in order to conserve the life of the field.

U.S. and Arab League in Lebanon peace efforts

BY HSIAN HIJAZI IN BEIRUT

ARAB and international efforts to bring stability to Lebanon gained momentum with the arrival in Beirut yesterday of Mr. Chadi Kebbi, the Arab League secretary-general, and Mr. Philip Habib, a senior U.S. diplomat.

Lebanon, Palestinian views would be obtained through a third party. Press reports have suggested that France might be that third party.

THREE U.S. Senators are flying to Phnom Penh today to seek approval for overland convoys to carry thousands of tons of food from Thailand across the border to starving Khmers deep in the interior of Kampuchea.

Though on different courses, they are seeking to stabilise the strife-torn Lebanon. Apart from occasional flare-ups, the area has been relatively calm since the United Nations arranged a ceasefire four weeks ago.

Lebanese Christian right-wing leaders have called for an end to Arab involvement in Lebanese affairs. One of the leaders, former President Camille Chamoun, has said that an all-out violent showdown will occur if Palestinian guerrillas and Syrian troops are not removed from Lebanon.

The congressional mission which arrived in Thailand on Sunday to dramatise President Carter's appeal for funds to relieve Kampuchea, believes the project could operate under the Red Cross/Unicef relief arrangement. But they say that the airlift and seaborne operations now planned will provide less than half of the food needed to keep the majority of the Kampuchean population alive over the next six months.

Iran army warning over Kurds

BY ANDREW WHITLEY

FORCED on to the defensive by the success of a widespread rebel offensive in Kurdistan, the Iranian army said yesterday that it was reaching the end of its tether.

control, apparently across international frontiers. Reports from Tehran suggest that the behind-the-scenes efforts of recent weeks to bring about a negotiated solution may have run into difficulties.

were said to have been put to Ayatollah Khomeini in a meeting with the Cabinet in Qom over the weekend. But there has been no word of the outcome, suggesting that the revolutionary leader is still refusing to make any significant concessions to the Kurds.

The warning coincided with the loss of another eight soldiers, killed when their truck was blown up by a landmine near Piranshahr, not far from the Turkish and Iraqi borders.

According to the Persian language daily, Bamdad yesterday, the Cabinet has decided that only three men are entitled to negotiate with the Kurds. They were named as Mr. Mustafa Chamran, Defence Minister; Mr. Hashem Sabaghan, Interior Minister; and Mr. Ezzatollah Sahbati, in charge of the Plan and Budget Organisation.

Swollen by refugees from the surrounding countryside, Mahabad is believed to be running short of food. The army denies operating an economic blockade, saying it is controlling travellers simply to stop the flow of arms to the rebels.

Advertisement for Alitalia's 1979 low-cost fares to Italy. Text: 'If any other airlines ever introduce low-cost fares to Italy we hope they'll prove as popular as ours have.'

Table with 4 columns: DESTINATION FROM LONDON, APEX RETURN, NORMAL TOURIST CLASS RETURN, APEX SAVES YOU. Rows include Genoa, Milan, Naples, Pisa, Rome, Turin, Venice.

and travel on your choice of any of our scheduled flights. And as an extra bonus we can also save you money if you wish to rent an Avis car there. See your Alitalia appointed travel agent for more details or complete the coupon below.

Having run low cost fares to Italy for many years we can fully appreciate why some other airlines are attempting to follow suit. With Alitalia's APEX you just book and pay for your flight one month in advance, fly London - Italy direct,

Form for Alitalia travel agent contact. Includes fields for Name, Address, and a large Alitalia logo.

Kabul inquires into arrest of journalists

AFGHANISTAN'S Foreign Ministry has told the British Embassy in Kabul that it is investigating the detention there on Sunday of two British journalists, a Foreign Office spokesman in London said yesterday.

The British Vice-Consul was permitted to see the journalists - Michael Fathers of Reuters, and his wife Della Denman, who is a correspondent of the Guardian - soon after they were arrested as they were about to fly back to their base in Islamabad.

Mr. Fathers, 37, a New Zealander, has worked for Reuters since 1970. The couple's two young children are being cared for by friends in Islamabad, Reuter.

Amin notes rejected NAIROBI - Ugandan shopkeepers are refusing to accept the country's old currency notes bearing pictures of Idi Amin, Radio Uganda said yesterday. The old notes are being exchanged at banks for new ones bearing a picture of the Bank of Uganda.

"My car couldn't have chosen a more desolate spot to break down. I abandoned it with ill-disguised anger and started walking.

I had been going for maybe half an hour when a Volvo estate drew up beside me. Such is my dislike of the car, that had it not been raining I would have waved the driver on."

Let me start by admitting to a certain amount of irrationality when it comes to cars.

I have always bought cars that are faster than they need be, more luxurious than they should be and more expensive than they've any right to be.

In short, when on four wheels, I am a confirmed seeker after pleasure.

In the opposite corner, I always imagined were Volvo. Austere, frugal and eminently sensible.

The kind of car your mother would say was good for you.

Judge then my feelings as the Volvo stopped beside me on that rain-soaked road.

The driver was not some elderly hill farmer but a man I would not have put much above thirty-five.

"Can I give you a lift?" he enquired as he held open the door. "I passed your car down the road—beautiful looking machine."

As I slipped into the passenger seat I noticed that I was sitting on real leather. (The first of many discoveries I was to make that evening.)

"Let me introduce myself, my name is James Durban." When on the defensive, I invariably hide behind formality.

My rescuer was more relaxed and told me that his name was Tony and that he had a house some twenty miles away.

"Have you driven far?" I asked.

"About 300 miles" he answered. "But it's very easy in the Volvo. The 265 is a very long-legged car."

"You must have spent a fortune on sound insulation" I said with an ear to the uncannily quiet performance of the engine.

"Not a bit. It's a 6-cylinder engine. 2.7 litres with fuel injection and a light alloy block. And as you can hear very quiet"

The conversation was taking a turn that displeased me. As he steered the car expertly through the narrow country roads I attempted to steer the conversation towards more general topics.

"What do you do?" I asked.

"I'm a writer and I deal in antiques. I've just bought the coffer you see in the back"

I turned round and noticed that the rear seats had been folded flat and that we were travelling with a beautiful oak chest at least 6 ft in length.

By now I was beginning to go through that most uncomfortable of human emotions—a change of mind. However, I wasn't about to give up without a struggle.

"Yes a jolly practical car the Volvo, but it's a bit short on the creature comforts don't you think?"

Looking back I'm surprised he didn't turf me out there and then. Instead, he simply defeated me with facts.

"Well," he began, "there are a few standard features you might appreciate. Like air-conditioning, electric windows, power steering, heated driver's seat..."

"How thoughtfully Nordic" I muttered gracelessly.

He continued with a light smile, "Metallic paint, electrically operated door mirrors, heated rear window, central locking"

I interrupted him. "Alright, point taken. And I suppose you still haven't come to things like a cigar lighter, electric clock and a light in the glove box?"

"Exactly" he replied. "The Volvo has all of those, not to mention stereo speakers in the front doors."

The rain had begun to ease and as my clothes dried out I recovered a little of my customary good humour.

"Well, it's certainly more comfortable than I thought, is it expensive?"

"With the automatic gearbox it runs out at £9,868"

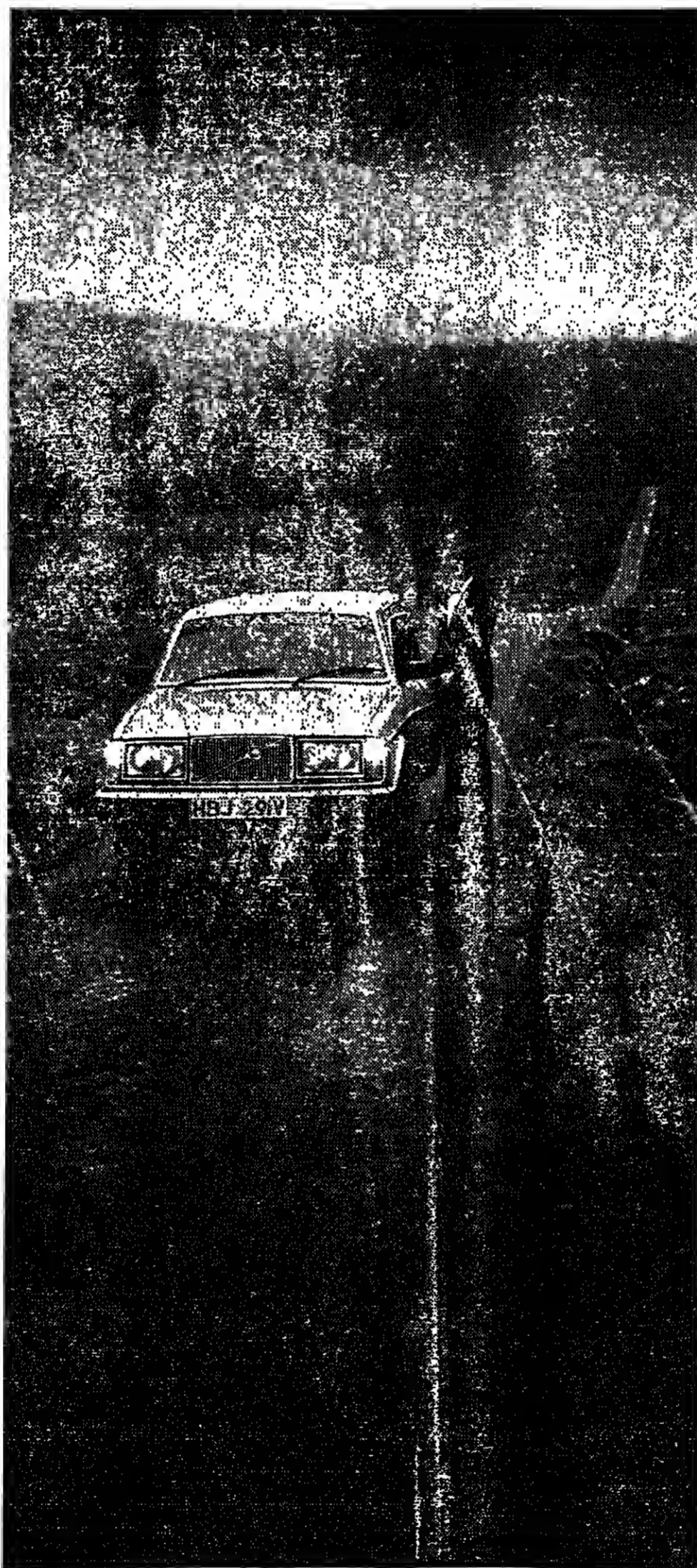
When I thought of what I had paid for the piece of exotica languishing on

the road some fifteen miles behind us, I was stung to one last justification.

"Of course, my car is much faster. I can reach 150 mph on a good dry road"

"It's not quite so fast in the wet though, is it?" He asked the question in the mildest voice possible. To my credit, after a moment's hesitation, I burst out laughing.

"Touché" I said and for the rest of a very enjoyable journey we talked about antiques. **The Volvo 265.**



AMERICAN NEWS

Hugh O'Shaughnessy analyses the possible repercussions of the El Salvador coup.

Central American cure for economic and social chaos

EL SALVADOR looks as though it is in for nearly three years of centre-left rule after the coup carried out by middle-ranking army officers last week. The effect of this development on the rest of Latin America could be out of all proportion to the tiny size of the country.

El Salvador (The Saviour)—the only country in the world named after Christ—is the smallest and most densely populated state in the Western hemisphere. Its industrialists call it, somewhat grandly, the Rub of Central America, and it claims, rather against the evidence, to be the most industrialised of all the small states on the Central American isthmus.

The middle-ranking officers who overthrew the fraudulently elected and politically discredited Gen. Carlos Humberto Romero last week have since co-opted a number of Social Democrats, Christian Democrats and even a Communist to help them in their task of governing the country until the presidential elections planned for 1982.

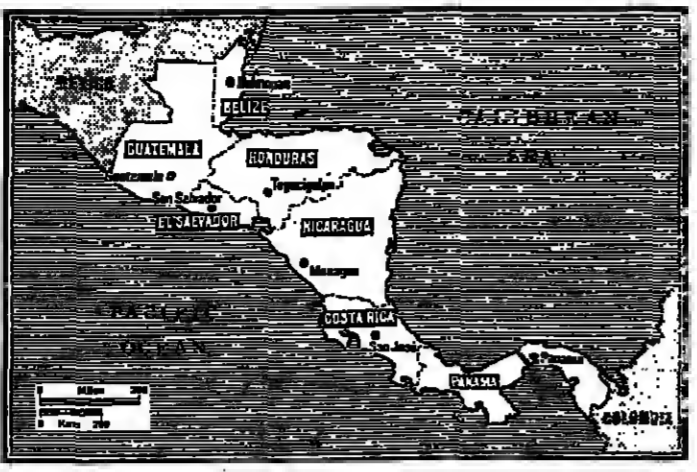
As the officers' manifesto proclaimed, they ousted Romero because he had violated human rights, created "a veritable economic and social chaos" and dragged the name of El Salvador and its army into the mud. They were determined to cure these ills, they said, and carry out a profound economic, social and political transformation.

For a few days it looked as though the leaders of the coup,

Col. Jaime Gutiérrez and Col. Adolfo Majano, were to be challenged violently by the major Left-wing guerrilla movements. But it now seems as if these powerful organisations, who over the past two years have killed hundreds of Romero's supporters and obtained perhaps as much as \$75m in ransom payments—including a reported \$5m from Lloyds Bank for the return of two of its employees earlier this year—are content to give the new administrations a chance to bring about some sorely-needed change.

El Salvador has been ruled by military men since 1931. One of them, Gen. Martínez, was in 1932 responsible for a political massacre in which perhaps 20,000 people died. Power and wealth have been concentrated in the hands of a small oligarchy known as "The Fourteen Families"; poverty and illiteracy are extensive. Social conditions in El Salvador under the military are comparable to those under the Somoza dictatorship in neighbouring Nicaragua.

When Gen. Anastasio Somoza was defeated and put to flight in June by the Sandinista guerrillas, few dared predict that a similar change might come so soon in El Salvador. But the prophets have been confounded. This is in large measure due to the greater-than-expected force of the Nicaraguan example, in the strength of moderate opposition forces such as the Catholic church,



whose leader, Archbishop Oscar Romero of San Salvador, was the most constant and effective critic of Gen. Romero, and in the fact that Washington and many European governments had turned their backs on the Romero regime.

The departure of Gen. Romero and Gen. Somoza must now raise question marks about the viability of the Right-wing and somewhat ill-defined regime of Gen. Policarpo Paz in Honduras, the poorest and weakest country in Central America, and that of Gen. Romeo Lucas, the extreme Rightist who rules with a rod of iron in the increasingly bloody and chaotic republic of Guatemala.

More importantly, the events

in El Salvador and Nicaragua point to the continued rise in the fortunes of the broad Left and reforming Christian Democrats in Latin America. The Nicaraguan and Salvadorean governments now look likely to take their places beside those of Mr. Michael Manley of Jamaica, Mr. Maurice Bishop in Grenada, Sr. Jaime Roldós in Ecuador and Sr. Antonio Guzmán in the Dominican Republic.

All of these leaders have formal or informal links with the worldwide socialist and social democratic movement. Their governments have also received encouragement or direct help from parties such as the West German and Swedish Social Democrats, the Spanish,

French or Italian Socialists and the British Labour party. The world Christian Democratic movement has helped Latin American Christian Democrats from Guatemala and El Salvador to Chile and Venezuela.

In oil-rich Venezuela the victory of President Luis Herrera Campins, a Christian Democrat, over Sr. Carlos Andrés Pérez, the Social Democrat, has given the Christian Democrats in Latin America a great boost, within the framework of the five-nation Andean Pact in the fight against authoritarian government in Central America. Sr. Napoleón Duarte, who but for electoral fraud would have become El Salvador's first Christian Democrat president in 1972, spent much of his subsequent exile in Caracas.

The social democrats and the Christian Democrats are not acting alone. The PRI or Institutional Revolutionary Party of Mexico, under the forceful leadership of Sr. Gustavo Carvajal, its new secretary-general, has been seeking and finding party political friends, especially in Central America.

No less important has been the slow, and often hesitant, shift in the stance of the U.S. towards change in Latin America. The initial commitment of President Jimmy Carter to the defence of human rights has led to a position where the U.S. has had to halt economic

Adoption of VAT urged as way to cut direct taxes

BY DAVID BUCHAN IN WASHINGTON

HEARINGS are to start next month before the House of Representatives Ways and Means Committee on a radical new fiscal recipe for the U.S.—a European-style value-added tax, on goods and services. The revenue would be used to finance major cuts in federal income and social security taxes.

Mr. Al Ullman, the committee's chairman, has this week introduced a Bill proposing a 10 per cent V.A.T. rate—5 per cent for basic items like food, drugs and housing—which he estimates would bring in \$130bn a year. That, in turn, would allow social security taxes to be cut by \$52bn in 1981, income tax by \$50bn and corporate taxes by \$25bn.

Introduction of a form of national V.A.T. would be a complex undertaking. Although Mr. Ullman's proposal has drawn support from his opposite number in the Senate Finance Committee, the redoubtable Senator Russell Long, the Carter Administration has had too many wearing clashes with Congress on tax reform in want to give the V.A.T. plan much push this late in President Jimmy Carter's term.

The Ways and Means chairman believes that over the long term V.A.T. could change the U.S. from a nation of consumers to one of savers and investors, raising low productivity, making U.S. business internationally competitive, and, except for a one-shot price increase, slowing inflation.

The Washington Post commented yesterday: "A serious and senior Democrat has embraced a programme exactly parallel to that of Margaret Thatcher's Tory Government in Britain. It may be plagiarism, but it speaks to American anxieties that this country may have caught the British disease, with its lagging investment, poor productivity..."

The V.A.T. plan has no chance of speedy passage through Congress. But there is a growing mood on Capitol Hill that U.S. business needs bigger tax breaks for investment, which permits from V.A.T. might permit.

Mr. William Miller, the Treasury Secretary, warned a Senate committee on Monday that fiscal restraint was paramount in the anti-inflation battle and he opposed congressional proposals for faster business depreciation tax write-offs.

Mr. Ullman said he would like his V.A.T. plan to become law next year, but conceded that there would have to be a major change in the thinking of a lot of people. Much of the opposition is likely to come from liberals who argue that a consumption tax like V.A.T. hits the poorer hardest because they consume more of their income than the rich.



Mr. Al Ullman, chairman of the House Ways and Means Committee

CENTRAL AMERICA: VITAL STATISTICS

	Average annual growth 1970-78	Popu-1978	GDP per head (1976 \$)
El Salvador	3.1	4.4	614
Costa Rica	2.9	2.1	1,099
Guatemala	2.9	6.6	880
Honduras	3.4	3.4	451
Nicaragua	3.1	2.4	779
Panama	3.1	1.8	1,254

Source: Inter-American Development Bank

TWA announces Airport Express.

Now you can get a boarding pass without even going to the airport.

You only have to spend five minutes at the airport to see how crowded it gets these days. At certain times of the day you can see as many as 30 people queuing at every available check-in desk.

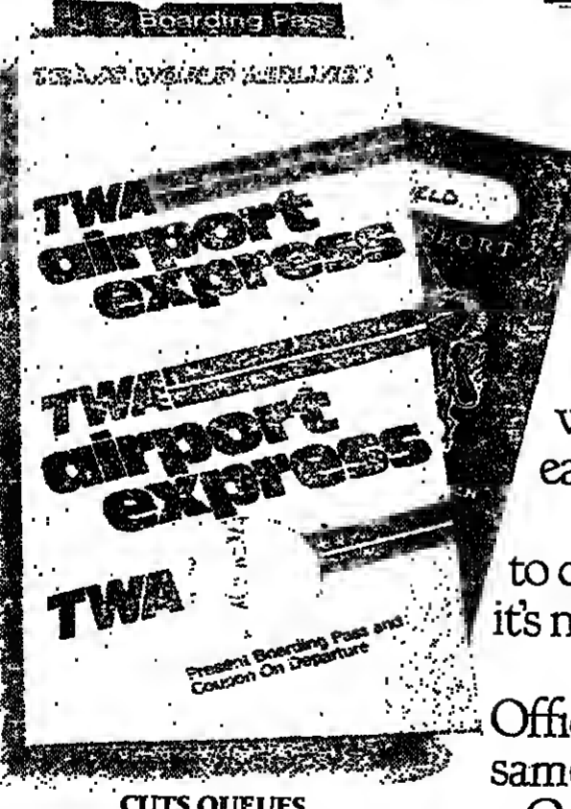
But now TWA introduces Airport Express to cut these queues down to size.

When you book your trip with your travel agent you can now request your boarding passes and seat numbers in advance. Not only for your outward flight but for all the TWA flights you have to make on a trip to the States—outward, connecting and return flights.

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All you have to do is drop your baggage at the Airport Express desk and you're on your way through to the plane, to the exact seat you asked for.

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TWA has 193 Ticket Offices in the States where you can get the same Airport Express service.

On your way back from the States, at any of the 50 cities served by TWA, you can simply check in your baggage at the kerb-side.

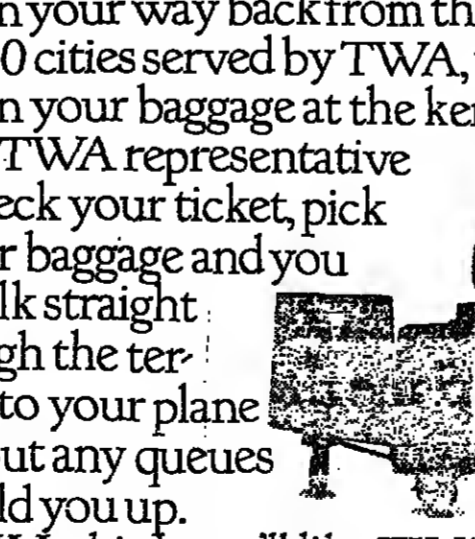
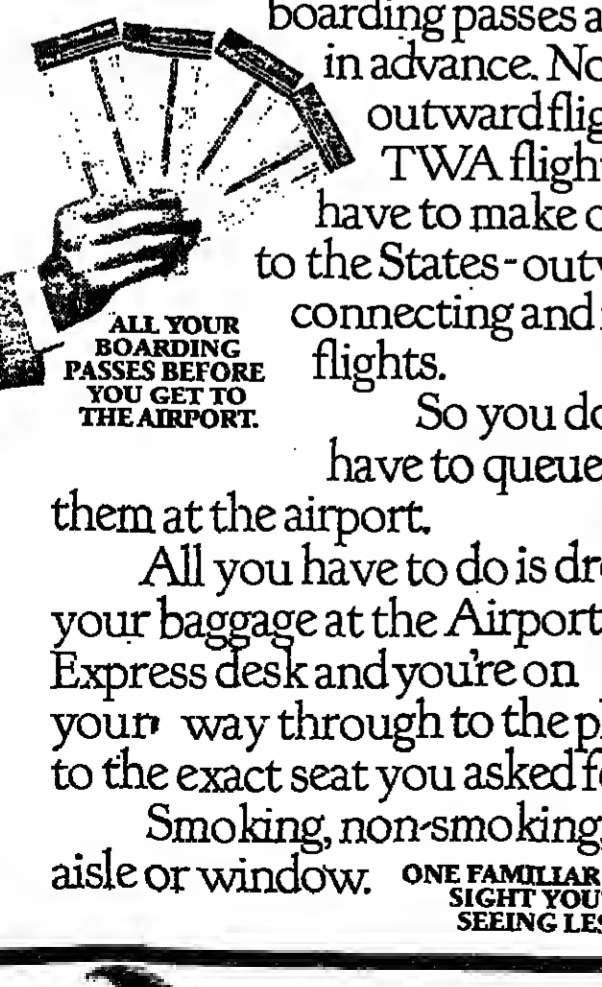
A TWA representative will check your ticket, pick up your baggage and you can walk straight through the terminal to your plane without any queues to hold you up.

We think you'll like TWA's new Airport Express service. Unless, of course, you're one of those people who enjoys queuing at airports.

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DROP YOUR BAGGAGE WITH A TWA REPRESENTATIVE AT THE KERB.



Canadians face bank rate storm

By Victor Mackie in Ottawa

THE Bank of Canada's policy of raising interest rates is expected to be sharply criticised next Tuesday, when the Canadian Commons Finance Committee meets.

Both Opposition and Conservative MPs are expected to join in the condemnation of the bank and the Conservative Government for supporting its policy.

The Government's supporters recently heard Mr. Alvin Hamilton, a former member of the Mr. John Diefenbaker's Cabinet, make an impassioned speech against rising interest rates. The backbenchers applauded him vigorously.

Mr. Joe Clark, the Prime Minister, realises he is in trouble on interest rates. He and others now in his Cabinet denounced the former Liberal Government before the election for pushing up interest rates. But the Liberals, like the Conservatives, were simply going along with Mr. Gerald Bouey, the Bank of Canada's governor.

There is no doubt that Mr. Bouey would resign rather than reverse his interest rate policy. A run on the dollar could be expected to follow.

Faced with this predicament, the Government appears to have no alternative in its support for the Bank of Canada. Added to the difficulties, is the fact that Mr. Bouey's term is due to end on January 31.

Canadian finance officials here be well reappointed, but they recognise that the Government may wish to appoint its "own man," someone more sympathetic to its approach to interest rates.

Venezuela denounces manoeuvres

LA PAZ—Recent U.S. military manoeuvres at Guantanamo naval base in Cuba demonstrate that the U.S. can make dangerous errors in trying to evaluate real crises in the world, Sr. Jose Alberto Zambrano, Venezuela's Foreign Minister, told the Organisation of American States yesterday.

The remarks, made at the organisation's ninth General Assembly, were the strongest condemnation of the U.S. Marine amphibious landing at Guantanamo since President Fidel Castro of Cuba accused the U.S. earlier this month of "inventing a crisis."

The amphibious landing was in response to U.S. intelligence reports that a brigade of Soviet combat troops had been detected in Cuba. President Castro denied the report, saying there were no more Soviet soldiers in Cuba now than in the early 1960s.

Sr. Zambrano, without referring directly to Cuba or to the Guantanamo manoeuvres, said: "I cannot avoid referring to a situation that deeply worries Venezuela—the recent deployment of North American forces in the Caribbean."

He said the U.S. reaction was "unfortunate because the excessive demonstration of force in a situation difficult to qualify as an authentic crisis undermines the credibility of the U.S., which is responsible for maintaining world peace, and can result in dangerous errors of evaluating possible future situations of true crisis."

Sr. Zambrano prefaced the sharp denunciation of the U.S. action with a reminder that relations between Venezuela and the U.S. are "solid and cordial." He said the military exercise served to polarise countries in the Caribbean.

AP

Shah flies to NY for medical treatment

NEW YORK—The Shah of Iran, flown here late on Monday from Mexico for medical treatment, underwent tests at a New York hospital yesterday amid conflicting reports about the seriousness of his condition.

A State Department spokesman said the Shah was in danger of his life, adding that he had suffered "a significant and quite serious deterioration of his health," but no details of his illness were given.

An official at New York Hospital said that description was an overstatement, however.

One of the Shah's local staff in his villa near Mexico city said the Shah had told them he would return as soon as possible, possibly within two to three weeks.

In New York, the Shah's spokesman, Mr. Robert Armao, said: "The Shah and members of the outstanding medical care available in the U.S. will diagnose his ailment and provide a cure."

The Shah left Iran in January, just before the revolutionary takeover and first visited Egypt, Morocco and the Bahamas in his search for a safe haven.

The Shah, three days short of his 60th birthday, looked pale and had difficulty walking when he arrived last night with Empress Farah and an entourage.

Dr. Henry Kissinger, former U.S. Secretary of State, was believed to have helped to arrange the Shah's stay.

The New York Hospital official said the Shah would be undergoing extensive tests and no details of his condition would be available for the next day or so.

WORLD TRADE NEWS

Airbus production rise urged to beat competitors

ROBERT MAUTHNER IN PARIS
M. HENRI ZIEGLER, former chairman of Aérospatiale, the French State-controlled aircraft manufacturer, and "father" of the Airbus, has issued a sharp warning that the Airbus could turn out to be a commercial "semi-failure" if production is not stepped up rapidly.

The French, West German and British aircraft industries, producing only 2.5 aircraft per month, McDonnell-Douglas and Lockheed were each making about five competing planes and Boeing as many as 28, M. Ziegler says. Production of the Airbus would be stepped up progressively, but the target of eight to ten per month would not be reached until 1985.

The U.S. — and, notably, Boeing — was now making what M. Ziegler described as "specular efforts" to capture the market in which Airbus had, so far, scored such a big success. The big sales and profits of the U.S. companies enabled them to make considerable investments in new production facilities and techniques.

Japan carriers seek fare boost

RICHARD C. HANSON IN TOKYO
THE MAJOR Japanese airlines are asking permission for steep increases in domestic fares to avoid heavy operating losses this year. At the same time, the Ministry of Transport has proposed a cut back in the number of domestic flights this winter, to save fuel.

Representatives of the airlines — led by Japan Air Lines (JAL), All Nippon Airways, and Toa Domestic — are seeking fare increases averaging from 27 per cent to 35 per cent to make up for spiralling operating costs.

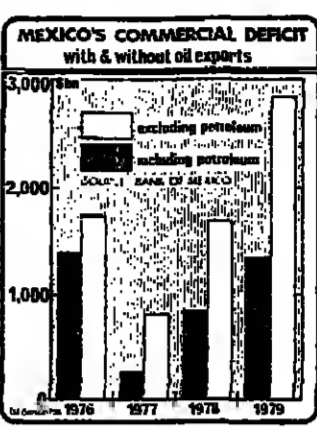
The airlines would like to have the fares increases in place before the peak year-end holiday season, but airline industry officials said permission would most likely be delayed until February.

UK to discuss U.S. steel import curb

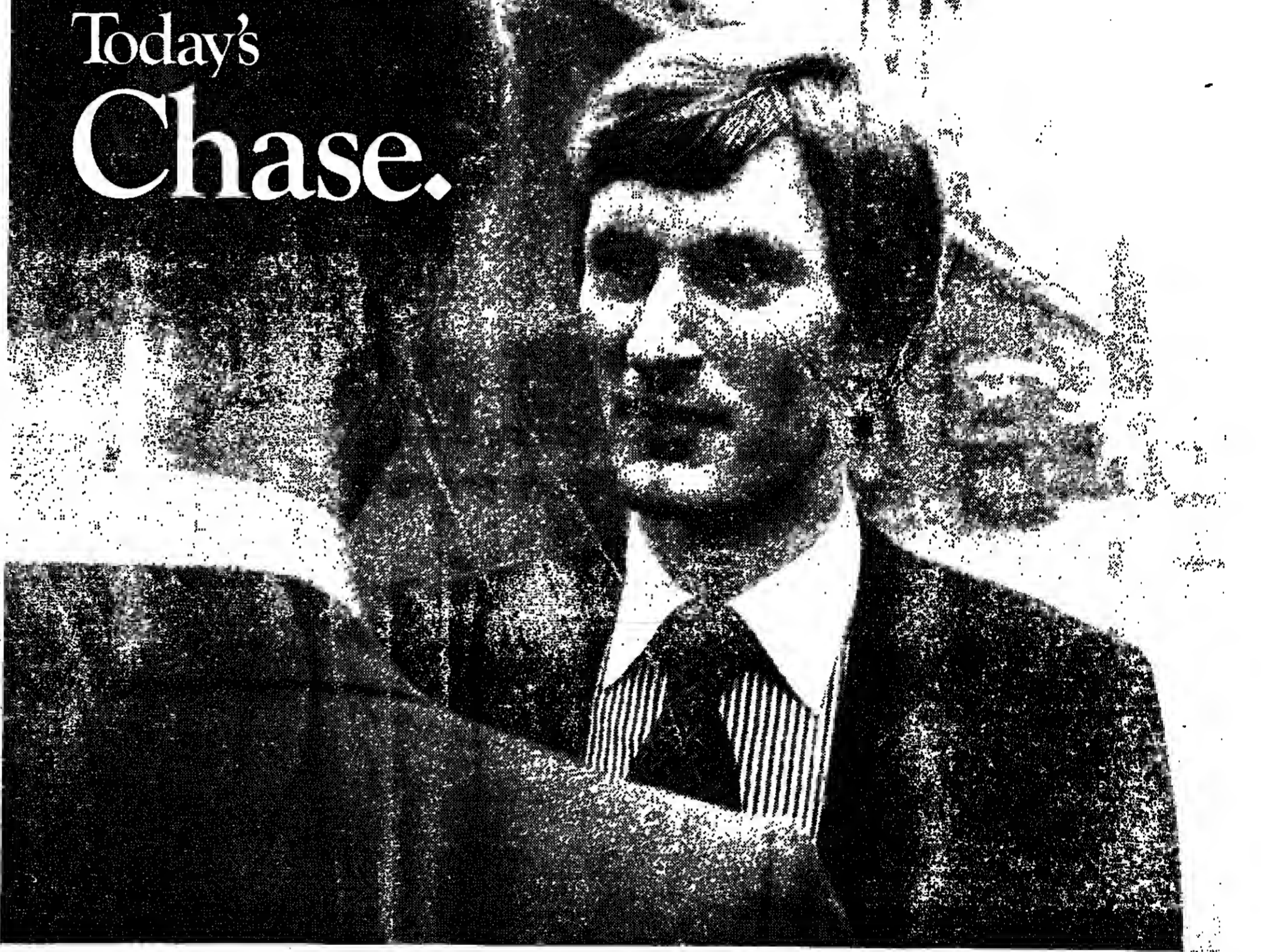
Roy Hodson
THE FUTURE of the U.S. trigger price system of control upon its steel imports will be raised with the U.S. Government and steel industry leaders by Mr. Michael Marshall, Parliamentary Under-Secretary at Britain's Department of Industry, during a U.S. tour later this month.

MEXICO'S EXPORT EFFORT Oil sales still dominate

WILLIAM CHISLETT IN MEXICO CITY
MEXICO'S much vaunted desire to be more than an oil exporting country is still very much a pipe dream. Oil exports in the first half of this year were \$1.4bn, or 36 per cent of total exports, compared with 24 per cent in the same period last year. The manufactured goods share dropped in the same period from 38 per cent to 31 per cent.



still protected by high tariffs. In Mexico's case the need to export more than oil is a political as well as an economic necessity, for few other major oil producing countries in the world have such an explosive population growth rate — 2.9 per cent a year — and, hence, the need to create labour intensive industry.



Egypt negotiating £693m housing deal

ROGER MATTHEWS IN CAIRO
EGYPT IS negotiating a \$1.56bn (£693m) contract with Austrian and European companies to carry out a 600,000-unit housing project, according to reports from Vienna.

Both deals suggest the personal involvement of President Anwar Sadat and Chancellor Bruno Kreisky of Austria, who has played an important role during the past few years in Middle East diplomacy.

Recovery seen in British trade with Morocco

ANTHONY McDERMOTT
MOROCCO, despite its current economic problems, has a market well worth the attention of British businessmen. This was the message of Mr. J. C. Kay, the British Consul-General in Casablanca, Morocco's main commercial centre.

They totalled £47.5m, a drop of 17.4 per cent on exports worth £57.5m during the same period in 1978. British exports are mainly capital equipment.

Rank signs Israel pact

DANIEL IN TEL AVIV AND JOHN LLOYD IN LONDON
The Rank Organisation has signed a contract with the Israeli Electra company for the distribution of around 5,000 colour television sets a year.

Rank is one of Israel's leading companies in the field of electrical and electronic companies, and represents a number of overseas companies including Westinghouse, Fridaire and Olin. It also makes a number of its own products.

Hungary may get £222m

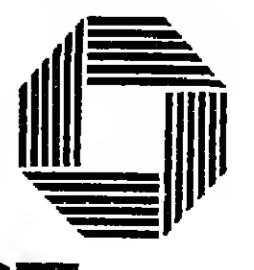
VIENNA — Hungary may soon take up an Austrian credit of \$500m (£222m) offered during a recent visit to Budapest by Herr Hannes Androsch, Austrian Finance Minister.

Talks on details which remained to be agreed were going positively and could be concluded in the next few weeks.

"It takes creative thinking to solve international credit problems."

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Urban Cycle	24.6 mpg <small>(11.5L/100km)</small>	24.8 mpg <small>(11.4L/100km)</small>	23.9 mpg <small>(11.8L/100km)</small>
Constant 56 mph <small>(90kph)</small>	37.2 mpg <small>(7.8L/100km)</small>	39.2 mpg <small>(7.2L/100km)</small>	41.5 mpg <small>(6.8L/100km)</small>
Constant 75 mph <small>(120kph)</small>	28.8 mpg <small>(8.8L/100km)</small>	29.4 mpg <small>(8.6L/100km)</small>	30.4 mpg <small>(9.3L/100km)</small>

Fuel consumption data in accordance with Official Government test procedures.

It's comfortable and spacious, taking five adults with head and leg room to spare.

Lancia dealer for a test drive. Ask him too about the financial advantages of our special leasing schemes.

All in all it means you could have your cake and eat it.

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government fuel consumption figures on the right confirms this.

Even in town, the Beta Saloon is surprisingly economical.

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It has the distinctive and stylish look of a Lancia.

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UK NEWS

Colliery spending of £20m approved

By John Lloyd

THE NATIONAL Coal Board has approved a £20m investment scheme for two pits in the Barnsley area of the Yorkshire coalfield, the country's most productive field.

About £17m of the investment will go to Dodworth Colliery, where a six-metre diameter shaft will be sunk to reach further coal reserves. Dodworth, which is about 130 years old, produces 540,000 tonnes annually. The investment is expected to raise production to about 600,000 tonnes by late 1983.

The rest of the capital will be spent at the 75-year-old Dearn Valley Colliery, which produces about 300,000 tonnes of coal a year.

A ventilation shaft will be sunk for the working of future reserves. Work is expected to be completed by 1981.

Appointment for Sir Ashley

SIR ASHLEY Fossonby, MC, DL, managing director of Schroder, Wagg and Co. Ltd., has been appointed Lord-Lieutenant of Oxfordshire in succession to Sir John Thomson, KBE, TD, who will retire on December 31.

UK shipbuilders given more freedom to bid

By JOHN ELLIOTT, INDUSTRIAL EDITOR

BRITAIN'S shipbuilding industry has been given increased freedom from scrutiny by the European Commission in Brussels, when bidding for orders against companies from the rest of the world.

This follows the commission's approval of an allocation of £120m spread over two years for an intervention fund to subsidise UK shipbuilding tenders following the industry's restructuring plan agreed by the Government in July.

Up to 30 per cent of the cost of a ship has been available as a subsidy in the past. But the detailed vetting of the subsidy for each order that has been involved in London and Brussels has slowed British shipbuilders' ability to react quickly in competition with overseas yards.

The subsidy maximum in all but the most exceptional cases, is now to be 25 per cent because the EEC's Fourth Directive on competition policy states that such aid schemes should be progressively reduced.

But the EEC has agreed that aid applications up to 25 per cent need not go to Brussels for approval unless Britain is in competition with other EEC yards.

The £120m is backdated to July and an order announced yesterday by BP for two tankers

to be built by British Shipbuilders is one of the first to be processed under the new arrangements.

The Industry Department, which administers the fund, has £65m to spend by July and a further £55m to July 1981, although the rules for 1981 may be affected by a further EEC directive on competition policy.

The intervention fund was originally introduced in 1977 to help UK yards compete with foreign yards, mainly in the Far East, bridging the gap between competitive prices and UK costs. But only £77m of £150m allocated up to the middle of this year has been taken up by British Shipbuilders because, even with the help of the fund, UK yards have not been able to obtain sufficient orders.

Similar funds also operate,

within EEC competition policy rules, in Germany, Ireland and France. Schemes are also being prepared in Spain and Italy.

The UK's new intervention fund arrangements were announced yesterday in the Commons and are the first of three initiatives affecting the industry.

The next will be a Shipbuilding Bill to be published today which will double British Shipbuilders' existing £300m borrowing powers and will extend aid under the 1972 Industry Act to cover ship conversion work, in line with Government announcements in July.

The Government is also to press the European Commission to speed its deliberations on a "scrap and build" scheme so that increased aid can be allocated to UK shipyards early next year.

Public relations prize debut

RACAL ELECTRONICS is the first winner of a new Sword of Excellence, donated by Wilkinson Match and awarded by the Institute of Public Relations, for its public relations work in international public relations by organising a

series of exhibitions that started in 1965.

A certificate of merit is to be presented to Pritchard Services Group as runner-up for its public health education programme in Riyadh, Saudi Arabia.

Plans for standard teaching

By Michael Dixon, Education Correspondent

A CONCENTRATED effort to have English, mathematics, science and a foreign language taught to all pupils in secondary schools, will be made by the Government in the new year.

Consultations with local authorities, teachers' unions and other interested groups will follow the publication of a survey showing that the treatment of basic subjects varies widely in the 5,000 state secondary schools.

Although most schools claim to cover English, maths, science and another language in their curriculum, Education Ministers are keen to establish a more standard approach.

An agreed definition of what should constitute the core curriculum will be a major aim of the consultations.

Central Government has no legal power to direct schools to teach particular subjects, apart from some religious education.

Education Ministers have no intention of imposing the core curriculum. Their plan, like that of the previous government, is to establish the core by persuasion even though the National Union of Teachers is opposed to it.

Legislation is a possibility, however, if agreement is not reached fairly quickly.

Benefits body urges big re-employment scheme

BY PAUL TAYLOR

THE Supplementary Benefits Commission has urged the Government to reconsider its policies on job creation and training schemes in the light of the expected increase in unemployment.

It has appealed for a big "re-employment programme".

The commission, in its report on last year, published yesterday, indicates the effects of mass unemployment on the supplementary benefits scheme.

The report urges that the Government's policy of cutting public expenditure on many present programmes for reducing unemployment should be reversed as soon as possible. It argues that that could be achieved with little additional cost.

The commission says that the proportion of unemployed needing and receiving supplementary benefit has decreased to about 45 per cent, or almost 600,000 out of the total 1,331,000 unemployed in November, 1978.

However, the unemployed now form the second largest group of claimants, after pensioners, accounting for 20 per cent of those receiving supplementary benefit. In comparison, in 1966 the unemployed accounted for only 7 per cent of the commission's "customers".

Although the general trend

is towards more prolonged unemployment, many of the unemployed find and lose jobs frequently. Last year, 65 per cent of the 5.6m claims made for supplementary benefit were a result of unemployment.

The commission says it wants to see policies to reduce unemployment "so that those who are capable of work do not have to resort to benefit".

Although in the long term the level of unemployment depends on a wide range of factors, the commission says in the short term jobs can be created by specific schemes, training opportunities and employment subsidies.

The commission says that savings on benefits and other factors mean the net cost of creating a job under a special scheme is far less than the notional gross cost.

A major re-employment programme would not cost much more than the money now spent on benefits, when the taxes and social security contributions which would be paid by claimants once they set back to work are taken into account," the report says.

Meanwhile, the commission says that the present rates of benefit for the unemployed represent an "unjustifiable discrimination" against the jobless.

It urges that the higher long-term rate of benefit should be paid to the unemployed on the same basis as for other claimants. That might cost an extra £20m a year.

Other sections of the report deal with poverty. The commission says present levels of supplementary benefit are still too low to keep many of the people who depend on the scheme out of poverty.

It argues that a long-term priority must be to give more help to families with children. Child benefits should be increased, as should supplementary benefit rates for those with children.

The report repeats the call for a simplified benefits scheme with fewer discretionary payments and more information made available to claimants.

Report of the Supplementary Benefits Commission for the year ended December 31, 1978 (HMSO, 5s).

Consider buying foreign technology-CBI

BY ELAINE WILLIAMS

BRITISH COMPANIES should buy new technology from abroad to create new market opportunities over here, Sir John Greenborough, president of the Confederation of British Industry, said yesterday.

At the opening of the international business show in Birmingham Sir John said: "There is no reason for fighting shy of new technology from abroad where appropriate. We shall need to do this and improve upon it in the process.

"Bear in mind that the Japanese do not resist the import of technology, in fact they award prizes for the best adaptation of it."

Sir John said the introduction of new technology in business and industry was particularly difficult when unemployment was already high, but there were other factors, apart from microelectronics, which could have as great an effect on unemployment.

The state of world trade and the basic raw materials and energy were likely to contribute more than any other factor to domestic rates of unemployment.

In order to win a fair share of new jobs Britain would have to compete successfully. Unemployment could be reduced by shorter working hours, longer holidays and earlier retirement.

He said: "If we are to remain competitive, and if we use to full advantage the science and technology which are open to us, we can earn in the market place the right to work and other forms of improved conditions of work."

"What we cannot do is to take them in advance as part of some theoretical productivity deal with the benefits delivered now not later."

He warned that this would make Britain uncompetitive and postpone the day when the country could afford the benefits of technology.

Finally Sir John said that Britain had no choice but to compete hard for a share of the new jobs and the new expanding markets.

But if industry approached the new markets with an attitude of glum resignation it would get what it deserved.

Quality control plan for instrumentation systems

BY JOHN LLOYD

A PROPOSAL to rationalise and upgrade the assessment of British-made instrumentation systems has been made by the automation and instrumentation sector working party of the National Economic Development Office.

The proposal, which might be extended to cover other products, is particularly aimed at aiding the export of high quality instrumentation and control equipment.

The plans contained in a NEDO report published yesterday, include establishing an Instrumentation Quality Assessment Board, with a full-time staff of three and an annual budget of around £20,000.

The scheme is to ensure that adequate quality controls are instituted by all companies in the industry so their products meet published specifications and are reliable in use.

"When established, a list of assessed manufacturers, together with their product capabilities, will be published. Users will be expected to restrict their purchases to such assessed manufacturers."

The assessment will be based on two British standards—BS 5750 and BS 5781, the fundamental standards for the control and instrumentation industry.

Assessment approvals of the equipment should be graded as

to minor, medium or major defects. The assessor should discuss his findings with the manufacturer, who would be allowed nine months to improve quality if the defects discovered are minor.

The automation and instrumentation sector working party is one of four in the electronics sector which have been told by the NEDO their work must improve if they are to continue.

Quality Assessment Scheme for the Instrumentation Industry: NEDO, Millbank Tower, Millbank, London SW1P 4QX.

Isle of Man takes control of VAT

THE HOUSE of Keys, the lower house of the Manx Parliament yesterday gave a second reading, without opposition, to the Customs and Excise Bill giving the Isle of Man control of its customs and excise services from April 7.

Proposing the second reading Mr. Percy Radcliffe, finance board chairman, said that the change from the existing common purse agreement would give the Manx Government control over VAT, something for which the growing finance sector of the Manx economy had been pressing.



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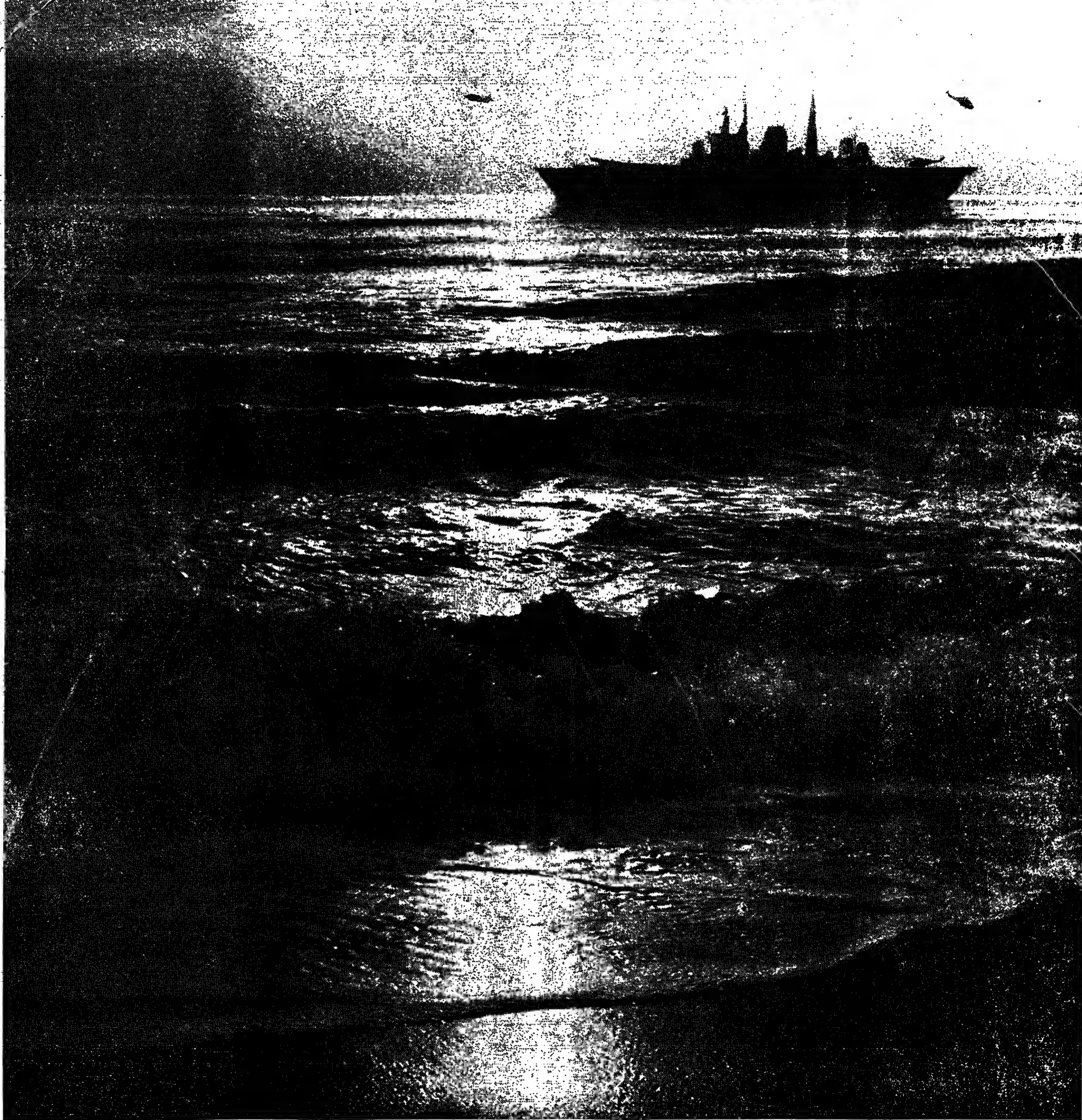
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Vauxhall allegations stopped by judge

BY PHILLIP BASSETT, LABOUR STAFF

Vauxhall Motors yesterday obtained a High Court injunction against the Transport and General Workers' Union convenor and others at its strike-bound Ellesmere Port plant to prevent further allegations that cars produced at other plants during the dispute were of low quality.

The injunction, granted after an unopposed 10-minute hearing by Judge Edgar Fay, QC, was made against Mr. John Farrell, TGWU convenor at Ellesmere Port and other union members there. The strike is in its eighth week.

The injunction restrains Mr. Farrell and others from publicly stating that the company was using "scrap, suspect or recycled material" in vehicle production. It is effective until a full hearing of the case or a further court order and it follows the distribution of leaflets outside picketed

Merseyside Vauxhall dealers last week.

The leaflets suggested that the quality of Vauxhall cars manufactured at the company's Luton and Dunstable plants during the strike was below standard because of the non-availability of components from Merseyside.

Vauxhall said yesterday that the Cavaliers and Carltons made at the two plants during the strike were up to standard and used no parts normally made in Merseyside.

Picketing seemed to be lifted at Merseyside dealers yesterday after warnings that orders for contempt of court would be applied for if pickets disobeyed another court injunction restricting their activities.

Officials of the Amalgamated Union of Engineering Workers at the plant agreed yesterday to hold a mass meeting of their 5,000 members on Monday to discuss the company's 17 per cent pay package.

Union officials had refused to call a meeting until the offer was increased, but after the intervention of national officers and a company warning that it was considering balloting the workforce on the offer, the decision was taken to put it to the membership.

AUEW officials at the Dunstable plant whose members are the only workers outside Ellesmere Port not to have accepted the offer—yesterday confirmed their decision not to hold a mass meeting until all laid-off workers were back at work despite the company's recall of 4,000 workers on Monday.

The moderately led AUEW at the plant is thought unlikely, though, to be a major obstacle to complete acceptance of the offer since there is a settlement at Ellesmere Port.

'Back BL plan' say AUEW leaders

By Philip Bassett, Labour Staff

BL's second largest union yesterday recommended its members in vote in favour of Sir Michael Edwards' rationalisation plans in the ballot, despite the possible loss of more than 25,000 jobs and the part or total closure of some plants.

The recommendation of the executive of the Amalgamated Union of Engineering Workers is in contrast to feeling within the company's largest union, the Transport and General Workers, which has asked members to campaign against the plan.

Yesterday's AUEW decision, while in line with the official policy of the Confederation of Shipbuilding and Engineering Unions, is also opposed to the stance of one of its component members, the Technical and Supervisory Section, which rejects the plans.

The AUEW has already indicated its support for the BL plan, and Mr. Terry Duffy, AUEW president, would not be drawn yesterday on the decisions of the TGWU and TASS.

Mr. Duffy said the executive felt it had no alternative but to recommend support for the plan. A "yes" vote in the ballot, which is due to be finished by Monday, was in the long-term interest of all BL workers and those in industries and services which depended on the company.

The alternative was the possible loss of the major British motor manufacturer. "We must give leadership, and when people have a ballot they look for a recommendation."

Merchant Navy unions reject 13.5% offer

BY NICK GARNETT, LABOUR STAFF

UNION NEGOTIATORS representing Merchant Navy officers rejected yesterday a pay and conditions offer which shipping companies estimate would add about 15 per cent to the industry's wages bill.

The offer involved an increase of 13.5 per cent on all salaries and five days extra leave on the present minimum entitlement. The General Council of British Shipping said this would add a further 2 per cent to the industry's wage costs.

The pay offer, to be made today to the National Union of Seamen, will almost certainly be broadly similar.

Employers attempted to use the tax reductions, brought in earlier this year, to justify the size of the proposals to the 41,000 Merchant Navy officers. Taking these reductions into account, the general council said the offer matched the present

16 1/2 per cent increase in the Retail Price Index.

The extra holidays would take the minimum total leave to 127 days a year, including compensatory leave for weekend working.

Mr. Graham Turnbull, leader of the employers' side, said after yesterday's talks: "Our unions asked us particularly to protect the value of last year's settlement. We've done that with our offer and given some extra leave as well despite the problems."

The benchmark for pay negotiations, said Mr. Turnbull, was the profitability of shipping companies and their ability to increase crew costs without damaging their competitive position.

The four officers unions, the Merchant Navy and Airline Officers Association, the Amalgamated Union of Engineering Workers, the Mercantile Marine

Services Association and the Radio and Electronic Officers Union, agreed to meet the general council again next month.

The unions, which are claiming 25 per cent—which they argue is a more realistic figure for protecting the value of the last settlement—told employers that the offer on money and holidays was far short of what they would be prepared to accept.

Mr. Eric Nevin, general secretary of the MNAOA, said the offer on holidays would probably only affect a quarter of officers in the four unions because the majority already had more than the minimum holiday entitlement provided by the Joint Maritime Board.

Current salaries range from about £5,000 to £17,000 a year. Average earnings for all masters is £11,980 and for second officers £8,980.

GEC set to leave federation

BY JOHN LLOYD

THE General Electric Company will probably decide next month whether to pull its component companies out of the Engineering Employers Federation.

If it does leave the EEF—as seems likely—it will also decide on a new form of company wage bargaining to replace its present adherence to nationally-negotiated wage rates.

A memorandum from Sir Arnold Weinstein, the company's managing director, to his company managers, expressing dissatisfaction with the national negotiating procedure under the EEF umbrella, was published at the end of last month. It came at the peak of the engineering workers' series of two-day strikes.

Since the end of the dispute early this month the company has been sending out its managers and unions on an alternative system of negotiations.

Sir Arnold made it clear in a recent interview that he favoured such a system. "We must have the employer and the manager in every unit working together. Not across the whole site, but these two elements in each and every unit."

A number of the unions, while agreeing that GEC should leave the EEF, favour a two-tier system of bargaining, where basic rates are set across the company with local conditions, overtime and bonuses agreed plant by plant.

These unions believe that plant-by-plant bargaining is impractical and could cause industrial trouble because of the potentially wide differentials between plants.

ITV returns at 5.45 tonight

BY GARETH GRIFFITHS, LABOUR STAFF

INDEPENDENT Television will be back on the air at 5.45 this afternoon following some doubt and confusion yesterday over the resumption of national broadcasting.

There was "an element of uncertainty" last night whether Southern Television in Southampton would resume broadcasting today. The 300 strong National Association of Theatrical, Television and Kine Employees want payment for being locked out. The National Union of Journalists at Southern have won a backdated payment from September 10.

Mr. Jack Wilson, NATTKE's

general secretary, has instructed his members at Southern to return to work today and the company said the studios would be open. Southern, however, said it did not know if it would be on the air tonight.

Talks at ATV in Birmingham were held yesterday for the second day to try to solve local grievances involving more than 600 members of NATTKE, the Electrical and Plumbing Trades Union and the Association of Cinematograph, Television and Allied Technicians. An agreement has been reached postponing a final settlement until broadcasting had been resumed.

ITV executives plan a lanche

of what they call "a strong line of programmes" in order to win back audiences who have been watching the BBC. Tonight's programmes include two news programmes, the Muppet show, Coronation Street, a drama series, Quatermass, and the film Chinatown.

The three unions formally accepted the ITV offer yesterday and the companies expect normal working from 9 a.m. today. ITV said there could be a "few post-settlement difficulties" but they would not affect the resumption. All the companies except for Channel in Jersey, have been off the air for 75 days.

Narrow vote will mean fresh talks in bid to end strike at Ferranti

BY RAY PERMAN, SCOTTISH CORRESPONDENT

FRESH TALKS to try to settle the 11-week strike at Ferranti's Scottish factories are likely after a decision yesterday by only 36 votes out of nearly 2,000 workers to continue the action.

After the meeting, shop stewards of the seven unions involved said they were disappointed at the narrow margin supporting their rejection of the 17 1/2 per cent final offer made by the management at talks in London last week. The voting was 999 to 963.

Unions are claiming 25 per cent pay increases but it is likely that a new meeting between national officials and the Engineering Employers Federa-

tion will be called to try to reach a compromise.

Mr. Donald McCallum, director and general manager of Ferranti in Scotland, said he believed it was a very hopeful sign that so many wanted to return to work. He was looking forward with "cautious optimism" to an early resumption of negotiations.

The Ferranti Scottish Group, which has main plants at Edinburgh and Dalkeith, specialises in radar navigation aids and lasers, mainly for defence uses. About 35 per cent of its output is exported.

The group is one of the most successful parts of the company

and has grown quickly in recent years. Turnover of £49.2m and profits of £3.9m in 1977 to 1978 were increased to £67.4m and £5.2m respectively in 1978-79.

Employment has increased by 500 in the last year. The management has warned that the strike puts in jeopardy the export-led growth planned by the company. This growth could lead to a further 2,000 jobs in the next four or five years.

The strike has halted all production of hardware but about 4,000 employees, including technical and scientific staff, have remained at work carrying out research and development for defence contracts.

ACAS in hospital talks

THE Advisory, Conciliation and Arbitration Service intervened yesterday in the dispute at the Royal London Homeopathic Hospital, Bloomsbury, which union officials have said could spread to other hospitals in the Camden and Islington areas.

ACAS officials met the hospital management and the National Union of Public Employees yesterday. The management had asked 14 porters on Monday when they refused to return to work. The dispute started last Thursday following a row over a late-night party.

Porters at the Great Ormond Street children's hospital walked out yesterday in support of the dismissed porters at the Royal London. The hospital said the disruption was minimal.

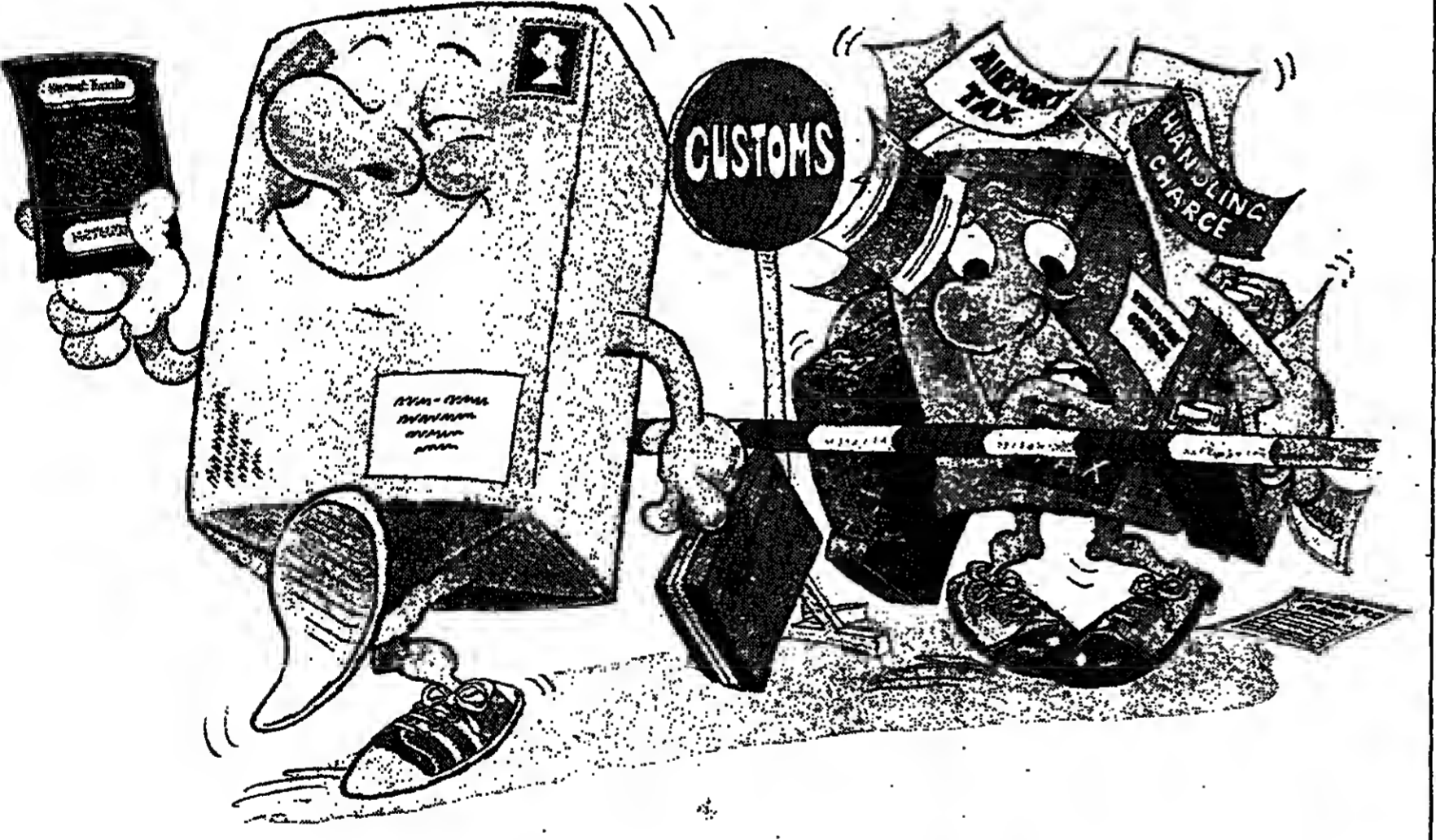
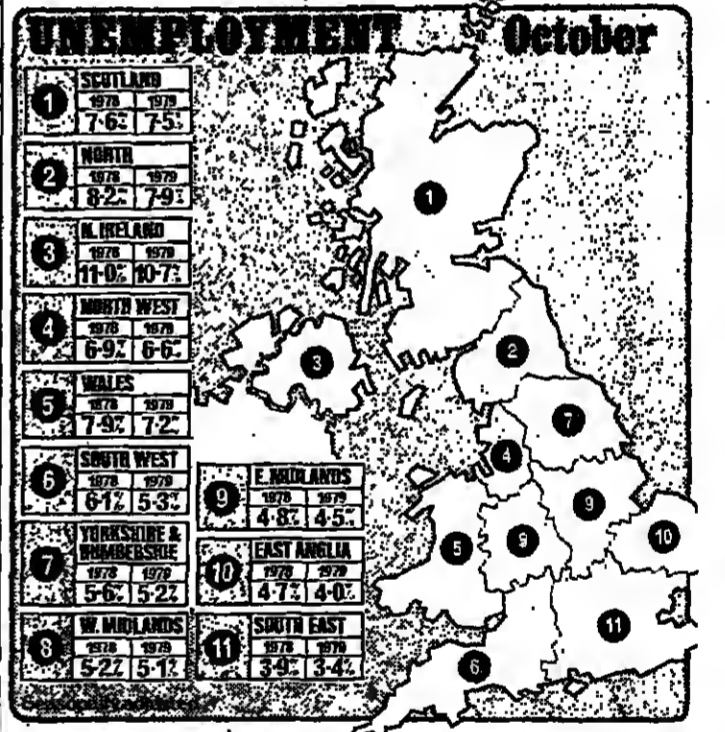
A mass meeting of ancillary workers at Great Ormond Street and the Queen Elizabeth Hospital for sick children at Hackney is planned for Friday. Mr. Conway Xavier, a NUPPE branch official, said an all-out strike would be recommended.

Jobs imbalance widens

REGIONAL DIFFERENCES in unemployment have widened again in the past few months as the national total has started to rise.

In the month to mid-October unemployment rose by the

largest percentage in the east and west Midlands and in north west England. That might be explained partly by the engineering dispute, since that industry is an important employer in all those regions.



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UK NEWS—PARLIAMENT and POLITICS



Glyn Gwin

Howe lifts exchange controls

THE CHANCELLOR of the Exchequer, Sir Geoffrey Howe (left), announced yesterday that all remaining exchange controls—except those needed for Rhodesia—would be lifted from midnight last night.

of the first major move towards liberalising outward portfolio investment. "I have now decided to remove all the remaining exchange control restrictions from midnight tonight, apart from those still needed, I hope not for long, in relation to Rhodesia.

foreign currency securities need no longer be deposited with an Authorised Depository. Foreign currency accounts can be held here or abroad. Passport markings for travel funds can now be abolished.

"I would like to thank all those who have had the task of administering the controls of the Bank of England and Customs and Excise but also those in the private sector whose co-operation has enabled the system to work.

prevent this. Further details on this matter are available in the Vote Office. "From tomorrow, we shall be meeting in full our Community obligations on the freedom of capital movements.

Treasury explains effects of decision

THE TREASURY yesterday issued a statement explaining the results of Sir Geoffrey Howe's decision to lift exchange controls. The statement said: "The Chancellor announced in his Budget speech on June 12 a number of exchange control relaxations and said that he intended to take further steps in the progressive dismantling of the controls.

Healey condemns 'reckless' action

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S decision to abolish the remaining exchange controls was attacked in the Commons yesterday by Mr. Denis Healey, the Shadow Chancellor, as a "reckless, precipitate and doctrinaire" action, which could have disastrous consequences in bankruptcies and loss of jobs.

mined to maintain the right monetary and fiscal policies. This we shall do." Sir Geoffrey could take comfort from the strong support which he received from Tory backbenchers. Mr. Richard Wainwright, the Liberal spokesman, also welcomed the statement.



HEALEY: Scornful; POWELL: Complimentary

The Government should recognise that this sudden change in the industrial and financial environment would be as disastrous as the previous Conservative Government's policy of competition and credit control, which led to the collapse of the fringe banks.

reduction in the monetary targets. "Successful investment in this country does not depend on maintaining a ring fence round the economy," Sir Geoffrey added.

Nuclear weapons programme goes ahead

MRS. THATCHER, the Prime Minister, reaffirmed the Government's determination yesterday to press on with its nuclear weapons programme in spite of Russian initiatives to scale down its military presence in East Germany.

Thatcher stands by EEC law

By Philip Rawstorne THE GOVERNMENT would not take any unilateral action to reduce Britain's contribution to the EEC Budget, Mrs. Margaret Thatcher told the Commons yesterday. "We must observe the law," she said. "I think that would be outside the law."

Nott offers a 'breathing space'

BY IVOR OWEN, PARLIAMENTARY STAFF

PARLIAMENT is to be asked to approve an amendment to the Competition Bill designed to provide a breathing space for industry and regulatory bodies like the Stock Exchange Council before findings by the Restrictive Practices Court take effect.

should it become apparent in the coming months that, because of the investigation being made by the Restrictive Practices Court, adequate regulation of the securities markets was being put at risk.

"I do not intend to use the power to exempt particular areas of industry or commerce in any other than special circumstances," Mr. Nott emphasised.

breadth of the definition contained in the Bill and suggested that it was among the matters which should be given detailed consideration during the committee stage.

Monetary policy pledge

By Philip Rawstorne

MRS. MARGARET THATCHER yesterday doggedly reaffirmed the Government's intention to stick to its strict monetary policy.

No comment on Blair Peach

MRS. WILLIAM WHITELAW, Home Secretary, said that he would not comment or intervene in the Blair Peach case while proceedings were continuing.

Transplant Bill first reading

A MOVE to give hospitals freedom to take the organs of any dead patient for a transplant operation was introduced by Mr. Tom Dwyer (Lab., West Lothian). His Transplant of Human Organs Bill received a formal First Reading.

Inquiry pledge on train crash

A PUBLIC inquiry is to be held as soon as possible into the Dundee train crash on Monday. In which four people died, Mr. Norman Fowler, Transport Minister, said.

Met strength up

THE Metropolitan police force has increased its strength by 502 since the beginning of the year, bringing the total to 22,463, Mr. Leon Brittan, Home Office Minister of State said.

Strikes' toll

industrial stoppages in the UK during the first four months of this year totalled 5.9m, Mr. Patrick Mayhew, Employment Under-Secretary, said. That compared to 1.8m in the same period of last year.

Editor collapses

MR. DAVID CHIPP, editor-in-chief of the Press Association, the national news agency, collapsed at the European Parliament in Strasbourg. He was given medical attention by Dr. Alexander Sherlock, European MP for Essex South-West, and quickly recovered.

Industry Bill is designed to modify powers of NEB

A NEW Industry Bill—designed mainly to modify the functions and powers of the National Enterprise Board—was yesterday introduced to Parliament by Sir Keith Joseph, Secretary of State for Industry.

It annuls the planning agreement and compulsory information powers. The Industry Bill reflects the Government's policy of reducing public expenditure and reducing the size of the public sector of industry.

NEB's future role to a narrower range of investments, will be covered in the revised NEB Guidelines which will be issued when the Bill has become law.

ENGLISH INDUSTRIAL ESTATES CORPORATION The Bill revises the Corporation's functions and powers to permit both private sector involvement in the Government's factory-building programme in England, and to facilitate a greater degree of self-financing.

REGIONAL DEVELOPMENT GRANTS The clause dealing with Regional Development Grants does not affect the working in practice of the RDG scheme. It would embody in primary legislation a variety of measures already made by order or by exercise of discretion under the Industry Act, 1972.

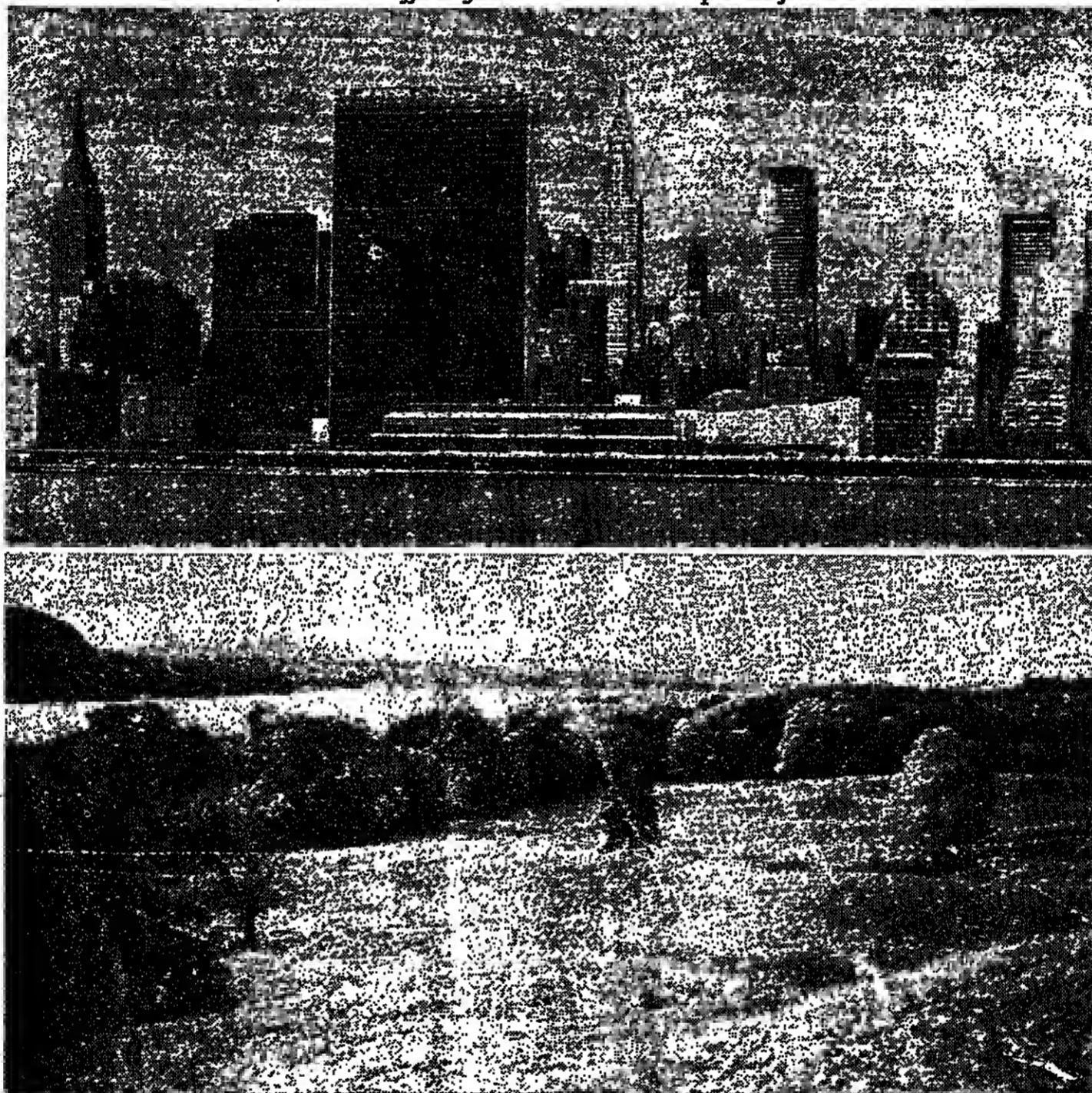
FOREIGN CURRENCY GUARANTEES Amendments to Section 8 of the Industry Act, 1972, will enable guarantees to be provided in certain circumstances, where the liability is in foreign currencies.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PERIPHERALS

Three thousand words a second

ABLE TO cut, perforate, punch, collate and address—as well as print—documents at rates up to 210 pages, with 18,000 lines, per minute, Honeywell's PPS II high quality printer will work with a computer or from computer tape and can run under the control of an IBM machine where this is required.

The printing technique used creates near-perfect characters by a method in which a line matrix of fine print stylus is activated in a pattern corresponding to instructions from magnetic media. Electrostatic images are formed on the surface of the paper directly opposite the stylus. The paper moves forward and the images attract toner particles to form a visible image.

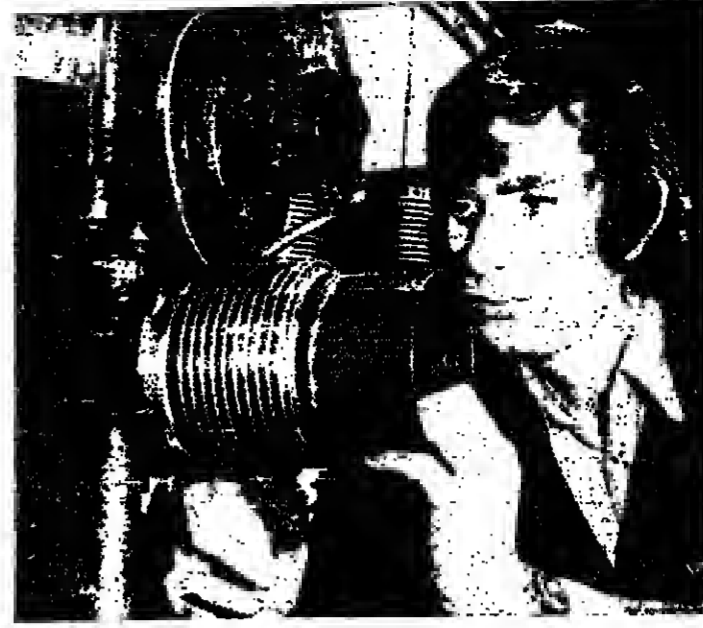
Forms are produced at the same time as the data is printed out. Simple forms and fixed details such as column headings and separators chosen by the user can be coded, stored and retrieved for direct printing. More intricate designs and those needing graphic arts can be produced from a lightweight and easy to change metal cylinder.

The unit has its own mini-computer to direct it and the user can communicate with the equipment through a display and keyboard. PPS II allows operators to design and load fonts into the system whether it is to be used on-line to a big machine or off-line with a control tape. Up to 16 different fonts of 128 characters each can be stored. Minimum operator intervention is required once the system has been set up. In on-line working, the main machine transfers information directly to the mini and to the latter's disc store which runs the non-impact printer.

Off-line, the main machine would enter all the job control details in the file reader of the print tape. All the operator has to do is load the paper, check that the printer is ready and press the start button.

COMPONENTS

Standard bellows, produced in a range of metals, are being marketed by Avica Equipment, Mark Road, Hemel Hempstead, Herts. HP2 7DQ (0442 64711) for use as compensators for thermal expansion, misalignment and manufacturing tolerances in duct systems, and to reduce or eliminate the vibration. Manufactured mainly in stainless steel, Inconel metal, Nimonic, titanium, Hastelloy, phosphor bronze and bronze, the bellows can be produced in many sizes and wall thicknesses from seamless and welded tubes, with single or multi-ply walls. They are available with bores ranging upwards from 1/2 in, mostly hydraulically formed although some extreme sizes, both large or small, may be roll formed, while to obtain particular characteristics a combination of the two processes may be used.



PROCESSING

Continuous powder coating plant

VERO ELECTRONICS has installed a £78,000 flow-line powder coating plant and is to use epoxy powders supplied by Sonneborn and Rieck.

Commissioning tests, carried out during the summer, have proved satisfactory and the company is progressively running down its former wet-finishing shop.

Minimal pollution of the atmosphere in the epoxy route makes the plant ideal for the company's Sholing, Southampton, factory, in the centre of a residential area.

Epoxy-based powder coatings provide a highly scratch-resistant surface suitable for Vero's range of products, without the necessity to use a primer. At the same time, cost of solvents used in the former wet spraying process has been rising alarmingly. No such solvents are used in powder coating and, at the same time, the risk of fire is greatly reduced.

Wastage is very low when using powders; the overspill from electrostatic spraying is largely recovered for re-use.

The new plant operates with a continuous overhead conveyor running through two paint booths, a curing oven and a cooling area. The booths are used alternately, thus saving time when colour changes are required. The booths are designed to work with a pair of remotely controlled electrostatic powder guns, one on each side, and there is also provision for hand spraying which may be necessary in the case of some awkwardly shaped components.

All parts are degreased in a large tank situated in the paint shop. The capacity of the new plant is greatly in excess of present production, leaving scope for expansion.

Sonneborn and Rieck, specialist paint manufacturer of Hainault, recently installed a new powder coating manufacturing unit at a large modern factory at Holmewood in Derbyshire, where it specialises in the formulation of powders to meet specific needs.

Further details from Sonneborn and Rieck, Faxa Works, 91-93 Peregrine Road, Hainault, Ilford, Essex. 01-500 0251.

Laminates and prints paper

THE FIRST machine in the world that can laminate two papers together, print six colours (one or two of them gravure and the balance flexographic printing techniques) and emboss the product all in-register is the Miniprinta Major, claims Bennett Dean Design, 23 Water Lane, Wilmslow, Cheshire (0625 529895).

Furthermore, by laminating a recycled backing paper to the lightweight top paper, an extremely cost-effective and heavier quality end product is achieved.

INSTRUMENTS Measures the strain

QUANTITATIVE analysis with visible indication of the location magnitude and direction of the main strains in structures under test can be carried out with the RP1 reflection polariscope introduced by Sharples Photomechanics, Wesley Street, Bamber Bridge, Preston PR5 4PB (Preston 36268).

Employing the photoelastic surface coating technique, the isoclinic and isochromatic fringes produced on the coating of the test object can be observed through the analyser with the naked eye. Main advantage of the technique is that testing is carried out on the actual structure—there is no need for scale models and associated interpretation.

A telescope can be mounted on the instrument to achieve a precise fix of the measuring point on the object. The photoelastic fringes can also be photographed if necessary utilising a camera mounted behind the analyser.

Will heat acid solutions

TEFLON COVERED immersion heater, the Thermoplunger, is now being marketed in the UK by Harris Plating Works, Great Missenden, Euciks (024 06 3131).

Heating element is encased in two concentric sheaths of Teflon, the inner layer being highly heat resistant, while the outer layer has a high chemical resistance. Supplied in a power range of

Cooling it in confined spaces

SAID TO be the answer for direct local cooling in confined spaces is a range of miniature fans from Radiatron Components, 76, Crown Road, Twickenham, Middx (01-891 1221).

There is a choice of AC and DC versions with a variety of operation voltages and five sizes from 24 to 80 mm diameter and 62 mm square. Air delivery ranges from 60 to 1,400 litres a minute.

PIPELINES

No effect on pipe linings

THE FREEZING of pipelines to carry out repairs or maintenance is now a fairly common practice. Processing plants do not have to be shut down, nor do pipelines have to be emptied.

One UK company specialising in the technique—SCB Pipe-freezing Services—has now found that it can also successfully use ice plugs in pipelines that are lined with either ebonite or plastics materials.

In one test, a 7-inch diameter ebonite-lined pipe was filled with sea water and the temperature of both pipe and contents was reduced to minus 50 degrees C to form a solid plug of ice within a specified length of pipe.

A pipeline pressure of 580 lb per square inch was applied for 15 minutes to see if it would retain its hold—it did. Subsequent checks showed that the ebonite lining was unaffected. Trials have also been carried out successfully on 12-in diameter plastics (pvc) lined pipes and on pipes made solely from pvc.

The company says that it concludes from its research that the technique could be used for larger diameter lined pipes. Inquiries will be dealt with at the company's headquarters at 2, Meadow Road, Shorlotts, Bromley, Kent BR2 0DX (01-464 3135).

Controlling pressure surges

WHEN A system contains a fluid in motion through pipe or conduits, pressure surges can occur due to sudden changes of flow—in some cases this could lead to damage or failure of a pipe network. In order to ensure that the network is adequately protected, caution is required in the design stage and in operation, says CIRIA in announcing the publication of "Control and suppression of pressure surges in pipelines and tunnels" (Price £40, members £10).

Information in the report aims to guide consulting engineers, regional water authorities, local authorities, plant manufacturers, pipeline engineers and universities. Report 84 is available from CIRIA, 6 Storey's Gate, Westminster, London SW1 (01-222 8891).

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IN THE OFFICE

Rolls out copies of drawings

WHEN ADDED to the front of the basic GAF1100 diazo printing machine a new auto-feed option, 1102, enables the unit to produce cycling copies of drawings, etc., on a continuous basis at linear speeds up to 40 ft/min.

All the operator has to do is feed in the originals using simple press button controls on the front panel. The feed unit holds two rolls of sensitised paper up to 36 in wide for automatic use plus one roll up to 48 in wide for manual work. Speed of the roll feed is synchronised to that of the drum on the basic 1100 printer. Illuminated controls include roll selection (depending upon size of original), automatic/manual feed, and leading/trailing edge adjustment. There is also a manual cut facility which allows test strips to be made at six inches width. Roll feed also means that the length of print that can be made is limited only by the operator's ability to control the feed alignment of the original. There is a reversing facility that can be used in the event of a mis-feed. GAF (Great Britain), P.O. Box 70, Blackthorn Road, Colnbrook, Slough SL3 0AR (Colnbrook 4567).

Furniture makes work easier

PROMISING TO increase office efficiency by up to 50 per cent is the OEM Group with its introduction to the UK of modular office systems furniture which interconnects to provide either independent or group work-stations.

Both ranges, produced by Dutch maker Vao Blerk, are constructed from cold rolled steel plate—one is coated with ABC Cycloc to provide a completely stain resistant, scratch and heat proof surface.

Key to the system, announces the company, is a range of table units (the word "desk" is never used) all of which interconnect in various formats with total precision—in terms of height, length and width—so that an office environment can be achieved where a sense of independence is maintained, but also where organisational links can be established. A typical work station can be assembled in just half an hour and dismantled equally quickly to provide different configurations elsewhere.

More on Office and Electronic Machines, 140 Borough High Street, London SE1 (01-407 3191).

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Burroughs

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1. What do porcupines eat with their cheese?

2. What vaccinations do I need when visiting Kuwait?
3. How do you remove ink stains?
4. What's the cost of a room in a good hotel in New York?
5. What is the consumption of primary aluminium in Japan?
6. What are the latest betting odds for Saturday's race at Ascot?
7. What was Dalgety's trading profit in 1978?
8. Which football club is top of Division One?
9. Which petrol stations open all night in London?
10. Which athlete holds the British men's 100 metres record?
11. Which was the Beatles' first number one in Britain?
12. How do I give up smoking?
13. Who wrote The Prisoner of Zenda?
14. Is there a seat available on the stand-by flight to Los Angeles?
15. How much does a case of Chateau Talbot 1959 cost?
16. How do you build a barbecue?
17. How much does it cost to hire a video cassette recorder?
18. Who is the leading goal-scorer in Division One?
19. Which restaurants in Stratford-on-Avon accept American Express cards?
20. Where can I find a disco sailing down the River Thames?
21. Where can I rent 7,000 sq. ft. of office space in W.C.1?
22. What marks a 15th wedding anniversary?
23. What is the meaning of my Christian name?
24. Who was the first Plantagenet king?
25. Who was the first British Prime Minister?
26. What's the current top ten LP's?
27. What's my horoscope for today?
28. What's the exchange rate today for dinars in Yugoslavia?
29. What's the price of gilt-edged securities for the year 2,000 AD?
30. What are the current balance of payment figures for the UK?
31. What was Britain's industrial manufacturing production for the second quarter of this year?
32. What is the national language in Brazil?
33. What is the capital of Zaire?
34. Where can I pick fruit in Kent?
35. Where can I camp on a farm in Devon this summer?

47. What is this Monday's agenda for the House of Commons?
48. What foods can I eat for a high vitality diet?
49. What's the metric equivalent of one square yard?
50. How do I make a will?
51. How can I grow a lawn?
52. Where can I hire a fancy-dress outfit?
53. Where can I find antique jewellery?
54. Where can I find a 24-hour plumber in South London?
55. What is the exemption limit on Capital Transfer Tax?
56. What are my legal rights buying goods from a doorstep salesman?
57. Where are there practice ski slopes in Surrey?
58. How much does it cost to rent a car for a week in Miami?
59. Is there a game of Jai-Alai being played in Miami in December?
60. How hot is Miami in June?
61. What is today's Stock Exchange closing report?
62. What is the last date to enter the Queen's Awards for Industry?
63. How much does the Social Security give for a maternity allowance?
64. What jobs are available in aeronautical engineering?
65. How do you cook veal cacciatora?
66. What are the exam requirements for entry to Bristol University?
67. What was the demand for oil-based products in the U.K. during the first half of 1979?
68. How many words are there in the Bible?
69. How much does a new Jaguar XJS cost?
70. Where is Richard III showing in London?
71. Where is there a late night mixed sauna in London?
72. What commemorative coins will be struck by Argentina this year?
73. Where can I find an overseas job in communications engineering?
74. Who won the 1969 British Grand Prix?
75. How much do microwave ovens generally cost?
76. What further educational courses are available in Scotland?
77. How did the New York Times review Woody Allen's new film Manhattan?
78. Which aeronautical machine is Dr. Alex Reid, Director of Prestel, trained to fly?
79. What percentage of households in Britain are owner occupied?
80. Where can I arrange a business conference for 25 people in Scarborough?

91. Which Cosmos travel agents have Prestel sets in Merseyside?
92. What is the flight availability to Oberammergau?
93. Which greyhound won the £1.00 at Hackney?
94. Where can you ski in Italy?
95. What 5 door saloon cars are there available over £8,000?
96. When was the first transatlantic telephone cable laid?
97. What was nylon first used for?
98. What electrical voltage supply is used in Canada?
99. How do you wire an electrical plug?
100. What are the future prospects for the printing industry?
101. What are the company accounts for Littlewoods?
102. How do I invest £5,000 with a local authority?
103. Who is Chingford's M.P.?
104. How do you get legal aid?
105. How do you make Christmas pudding?
106. Will I find Prestel in Harrods?
107. Which pet foods do Mars make?
108. What are the odds for the National Hunt?
109. What are the latest shipping forecasts?
110. What are the symptoms of foot and mouth disease in cattle?
111. What can you see in Kew Gardens?
112. What is the weekly report for the British sugar beet crop?
113. How do I get tax relief when borrowing money?
114. Which new singles entered the pop charts this week?
115. What is the rise of average earnings for July 1979 compared with last year?
116. How much should you tip a waiter in France?
117. What courses can you study for the Open University?
118. Which public authorities are offering vacancies in architecture?
119. How much does it cost to travel from London to Sydney at economy class?
120. Which harbours run a car ferry service to the Channel Islands?
121. What new legislation is on its way?
122. How much will a 14 day holiday in Tenerife cost?
123. Where can I visit windmills in East Anglia?
124. Where are there oriental take-aways in Yarmouth?
125. What time is the last train from Norwich to London on Sundays?
126. What is the EEC budget?
127. Where are medieval banquets held in the Birmingham area?
128. What outdoor events are there in the south-east in October?
129. Where can I get a cruising holiday on England's waterways?

139. What is today's news summary for America?
140. What is the latest world trade news?
141. What are the latest retail prices and inflation rates?
142. What was the R.P.I. for January 1971?
143. What are the current economic forecasts for wages and prices for the start of 1980?
144. What were the U.K.'s trade imports in August 1979?
145. Which woman has won the most championships at Wimbledon?
146. Who won three titles at Wimbledon in 1952?
147. What is the largest land carnivore found in Britain?
148. Which British bird lays the largest egg?
149. What is the speed of a giant tortoise?
150. In which year was the registration suffix A introduced for cars?
151. What has been the lowest charge for petrol in the U.K. since World War One?
152. Which was Britain's first motorway?
153. In which year were stereo records first introduced into Britain?
154. What is the title of the Canadian national anthem?
155. Who made the first cross-channel flight by aeroplane?
156. Who was the first "Test Tube Baby"?
157. What is the population of Yugoslavia?
158. How much is my current bill on Prestel?

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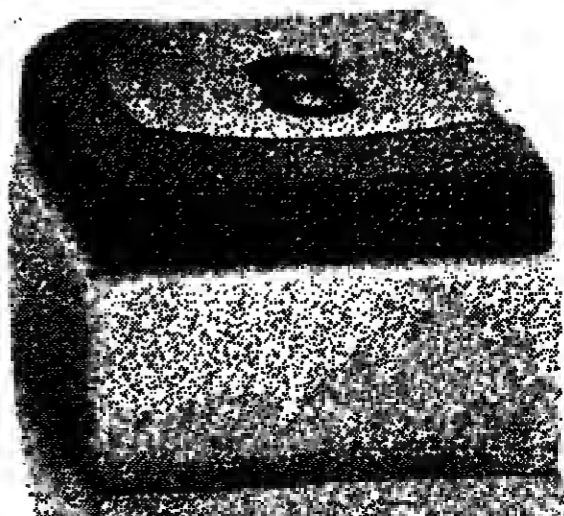
PRESTEL is the trade mark of the Post Office viewdata service.

36. How long does an Inter-City Sleeper from London to Perth take?
37. How do I construct my own dinghy?
38. Is there a Red Star parcel service from King's Lynn?
39. What are the times of the Railair trains from Liverpool to Gatwick Airport?
40. What are the 10 best unit trusts for October 1979?
41. What was BP's turnover in 1978?
42. What is the new single personal tax allowance limit?
43. What times are the Concorde flights from London to New York?
44. What are the weather conditions in Frankfurt?
45. What dishwasher can I buy for under £200?
46. How do I register the birth of my child?

81. What's on display at the Washington Smithsonian Institute?
82. What are this week's food costs?
83. Where are Britain's narrow gauge railways?
84. Where are Barclays Banks situated in Wales?
85. Where is there a Berni Inn in Bristol?
86. What films are available on Industrial Safety from The Central Film Library?
87. Where is there a good wine bar in Norfolk?
88. Which restaurants are open after midnight in the West End?
89. What are the addresses of consumer advice centres in Solihull?
90. Where can I buy Schreiber furniture in the Isle of Man?

130. Which health farms are available in Yorkshire?
131. What's the calendar of major rugby union matches this year?
132. What are the Chinese zodiac signs from 1900-1972?
133. What is my ideal weight?
134. Where can I get a villa self-catering holiday in Europe?
135. How many calories are there in a glass of champagne?
136. Where are poetry readings held in London?
137. What games can children play on car journeys?
138. What are the circulation figures of the national newspapers?

MILLIONS OF ANSWERS AT THE TOUCH OF A BUTTON.



THE MANAGEMENT PAGE

Lorne Barling on the Chamber of Commerce preparing for hard times

Birmingham's brave face

IN THE West Midlands few people in authority are keen to speculate on the broader issues of BL and the motor industry, despite the daily brinkmanship which affects the lives of thousands. However, the implications of serious industrial upheavals in the region have not been overlooked.

The Labour Government's initiative to attract industry into the inner city areas was commendable, Warburton believed, and hoped that the present administration. "We have to create the right ambience for small and medium-sized companies to grow," he adds.

John Warburton, director of the Birmingham Chamber of Commerce and a man of long experience in Midlands industrial affairs, believes that if the worst happens, which he cautiously describes as a "rapid rather than a slow decline of the motor industry," local companies will have the resilience to repair the damage within three to four years.

Similarly he welcomed the changes in regional aid policy, and suggested that, despite the severe problems of areas such as Wales and the North East, they had had their chance and it was now time to think about the afflicted areas of the Midlands. After all, why should aid be granted to development areas only by the UK Government or the European Community?

This optimism, expressed despite the fact that hundreds of companies making products related to the car industry may suddenly lose orders, is based largely on his faith in the enterprise of the area's smaller companies, which have helped considerably in dealing with the dislocation suffered so far.

Warburton also has faith in the common sense of companies in the area; they are not standing still while the problems of BL multiply. He points out that they are diversifying and looking for overseas markets, and above all, keeping an eye on the state of their order books.

The Birmingham Chamber, after concentrating its efforts in recent years on promoting exports, is now anxious to redirect some of this towards what Warburton describes as "some nasty patches of unemployment and deprivation" on its own doorstep.

With the chamber's attention now fixed on these matters, it has recently formed closer ties with local authorities, particularly in Birmingham itself. A major breakthrough was the collaboration between the chamber and the city council in the development of the National Exhibition Centre, which has been a resounding success.

Unemployment in the West Midlands is now above the national average at 5.8 per cent of the working population, with Birmingham itself slightly worse at 6.4 per cent and Coventry 7 per cent, according to the mid-September figures.

West Midlands, but the regional chambers, with collective voice, are joining the national call for public law status, whereby all chambers would receive income from a payroll levied on local companies, as in many European countries.

This is of course good for the West Midlands, but the regional chambers, with collective voice, are joining the national call for public law status, whereby all chambers would receive income from a payroll levied on local companies, as in many European countries.

Local authorities have also become more involved recently in industrial development projects, particularly the kind of

"nursery" units in city centre areas which are in strong demand for new or expanding small companies. The Birmingham Chamber has even gone so far as to delegate two of its staff to go round local companies with information on what sort of aid is available from local authorities. This too has been successful. "It seems that the chamber is rather more able to sell the idea than someone from a council department" observes Warburton, without wishing to be unkind to the council.

Like many chambers of commerce, Birmingham is constantly reassessing its role in local affairs, often in relation to other chambers and to the Confederation of British Industry. Trying not to get too many lines crossed is of obvious importance.

Ironically, the Birmingham Chamber has long promoted the interest of the nine other chambers in its regional group, only to find that they have grown formidably at its own expense. The chambers, such as those at Dudley, Stoke, Coventry and Worcester, have pushed up their membership and, with full-time staff and bigger premises, some have started holding seminars and increasing their export documentation services.

West Midlands, but the regional chambers, with collective voice, are joining the national call for public law status, whereby all chambers would receive income from a payroll levied on local companies, as in many European countries.

Hot potato

This is of course good for the West Midlands, but the regional chambers, with collective voice, are joining the national call for public law status, whereby all chambers would receive income from a payroll levied on local companies, as in many European countries.

Keith Joseph would be willing to entertain the idea, considering the more pressing problems at hand.

One argument in favour is that without it British chambers cannot meet on equal terms with their opposite numbers in Europe. However, there is little evidence that UK chambers are inferior in any way as a result of this deprivation.

In Birmingham itself there are more immediate matters to be dealt with by the chamber on behalf of its 4,000 member companies. These include the vast increased burdens of administration brought about by Government involvement with industry, shortages of skilled workers, energy saving programmes, export activities and all the rest.

Since the day the builder of the Suez Canal, Ferdinand de Lesseps, addressed the chamber about "the proposed ship canal across the Isthmus of Suez," it has attempted to be at the forefront of industry, keeping pace with change. Its export promotion activities, the first of their kind in this country, continue to be well supported but the domestic challenge now seems an even greater priority.

In practical terms the chamber can only provide the services and encouragement for companies to face the probably rapid changes in the Midlands industrial structure, brought about by new industrial techniques as much as by the problems of the motor industry.

The chamber has increased its research activity to about 10 per cent of its total—the rest covers services—and believes the mix to be about right. Although its quarterly economic forecasts are regarded as useful, Warburton still believes that member companies are more inclined to see their order books as the prime economic indicator.

The expatriate executives (mainly American) who had previously been brought in to reorganise the company tended to clash sooner or later with the politicians; the result was that BWIA suffered the severe handicap of having its general manager changed six times in the 10-year period from 1966.

Business courses

Whole City Heating—Combined Heat and Power, London, November 21-22. Fee: £95. Details from Conference Secretary (VCH), CIGC, PO Box 31, Welwyn, AL6 0XA.

Interviewing Skills and Techniques for Executives, London, November 23. Details from ASIR International, 617 Frederick Close, Stanhope Place, London W2 2HD.

New Forms of Work Organisation and the Quality of Working Life, Leicester, November 29. Fee: £17.25. Details from Work Research Unit, Department of Employment, Steel House, 11 Tothill Street, London SW1 9LN.

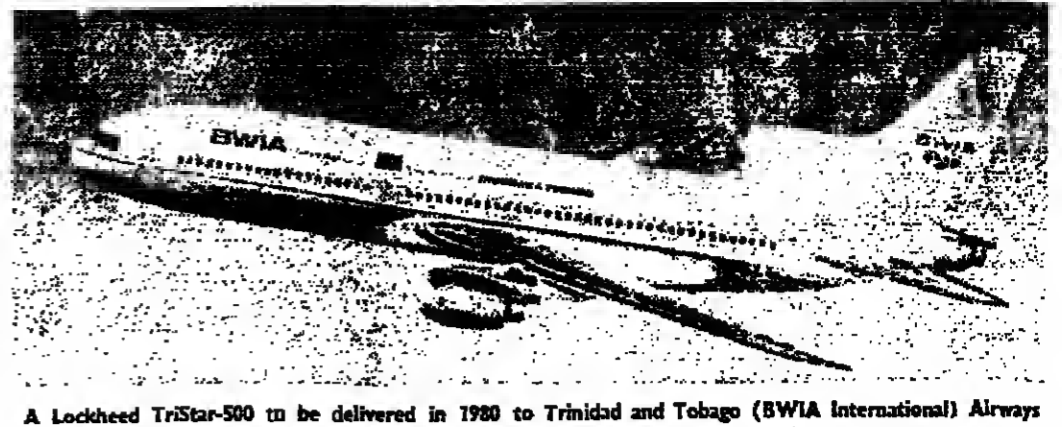
Training for a Logical Approach to Fault Finding, London, November 20-21. Fee: £17 (non-members), £150 (members). Details from Course Secretary, BACIE Training Services, 16 Park Crescent, London W1N 4AP.

The All-Round Negotiator, London, November 28. Fee: £70 (plus VAT) non-members, £65 (plus VAT) members. Details from The College of Marketing, Moor Hall, Cookham, Maidenhead, Berkshire, SL6 9QH.

Improving Management Performance, Hove, Sussex, December 2-7. Fee: £254 (non-members), £207 (members). Details from Course Secretary, BACIE Training Services, 16 Park Crescent, London W1N 4AP.

Institute of Public Relations Annual Conference, in the Service of Democracy, Eastbourne, November 23-25. Fee: £78 (non-members), £69 (members). Details from Institute of Public Relations, 1 Great James Street, London WC1N 3DA.

Commercial Negotiation, Wimbledon, December 2-5. Fee: £410 (plus VAT). Details from The Secretary, Brunel Management Programme, Brunel University, Uxbridge, Middx. UB8 3PH. Labour Relations in Europe, Brussels, November 28-30. Details from Management Centre Europe, Avenue des Arts, 4, B-1040 Brussels, Belgium.



A Lockheed TriStar 500 to be delivered in 1980 to Trinidad and Tobago (BWIA International) Airways

The man who aims to pilot BWIA into bluer skies

BY DAVID RENWICK IN PORT OF SPAIN

AN AIRLINE is the one transnational corporation of its own to which most small developing countries can lay claim. Trinidad and Tobago is no exception.

Yet on rational grounds, BWIA International, the country's state-owned air carrier which flies to London, New York, Toronto, Miami, Caracas and other cities and operates offices in all of them, should have expired ingloriously long ago.

It has never made money since it was acquired by the Trinidad and Tobago Government from the then BOAC in 1961; its losses over the last four years have averaged TTS 30m (\$US. 12.5m) a year.

Trinidad and Tobago's fellow members in CARICOM, the 12-territory Caribbean Community and Common Market, have consistently refused to allow BWIA to operate on their behalf some, or all, of their route rights overseas. Jamaica and Barbados even deliberately set out to compete by starting companies of their own in collaboration with foreign carriers.

Mr. Bertrand has briskly responded to these and the many other problems thrown into his lap by bringing in new senior managers, where he can find them (and he has been relatively lucky in attracting qualified Trinidadians living abroad to return home), and giving them the sort of free hand to deal with structural weaknesses traditionally denied their predecessors.

Carnival

In 1978, BWIA was out of the air for as long as three and a half months, when its pilots chose the busiest period of the year to strike; the airline normally ferries thousands of people from the outside world to the annual Trinidad and Tobago carnival.

Against this background, it is safe to say that the airline is still in business today only because of a determination on the part of the Trinidad and Tobago Government that the CARICOM area must not be dependent on foreign carriers. The region's business is peripheral to them and their planes can be withdrawn at a moment's notice.

Challenge

Public relations: Members of the commission themselves reported witnessing "the most appalling attitudes displayed to passengers," in particular, "discourtesy" and "indifference" at BWIA's main operating point, Piarco airport in Trinidad.

It blamed the airline's supervisory staff for failing to exercise the necessary control. Even first class passengers, paying considerably more than the average fare, were not immune from rough treatment, unless they were "well-known" or "some obvious dignitary."

He has declined to work through politicians and insisted when he agreed to take on the director's job that he would report only to the board, which has been reconstituted under the chairmanship of a successful banker, Philip Rochford. So far, he says, the Government has respected this and no minister has attempted to interfere with managerial decisions.

'It was like Oliver Twist in reverse, Mr Wagstaff..'

'...I asked for less and you gave me more!'
"You've got your cash flow projection to thank for that. You did a good job there," said Mr Wagstaff.
"With a little help from you and Jack Rogers!"
"Well, Jack's one of the best accountants in the business. You won't go far wrong with him on your side."
"But you suggested doing the cash flow in the first place, Mr Wagstaff. Don't be so modest!"
"That was in our interest as well as yours. We both need to know where you're going, don't we? No point in lending you money to set up a new factory and then having you find out in a few months that it's not nearly enough. Sleepless nights for you. Headaches for us. Hardly the way to start expanding your business!"
"Well, that cash flow chart showed I needed almost twice as much as I thought I did, so I'd have had sleepless nights all right! But now, instead of counting sheep I count all those extra hi-fi speakers we'll be making in the new place, and fall asleep dreaming of exporting to Japan!"
"Perhaps we can help your dreams come true, Mr Greening. Hi-fi to Japan—that's just the sort of coals-to-Newcastle challenge our branches thrive on!"



Wagstaff reflected on the novelty of it all.

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- Finance from European Community
- Local Authority assistance
- Training Assistance

For more information contact:

W.J. Rogers, Chief Executive,
Alyn & Oswald Development Council,
Alyn & Oswald, Chwyd, N. Wales.
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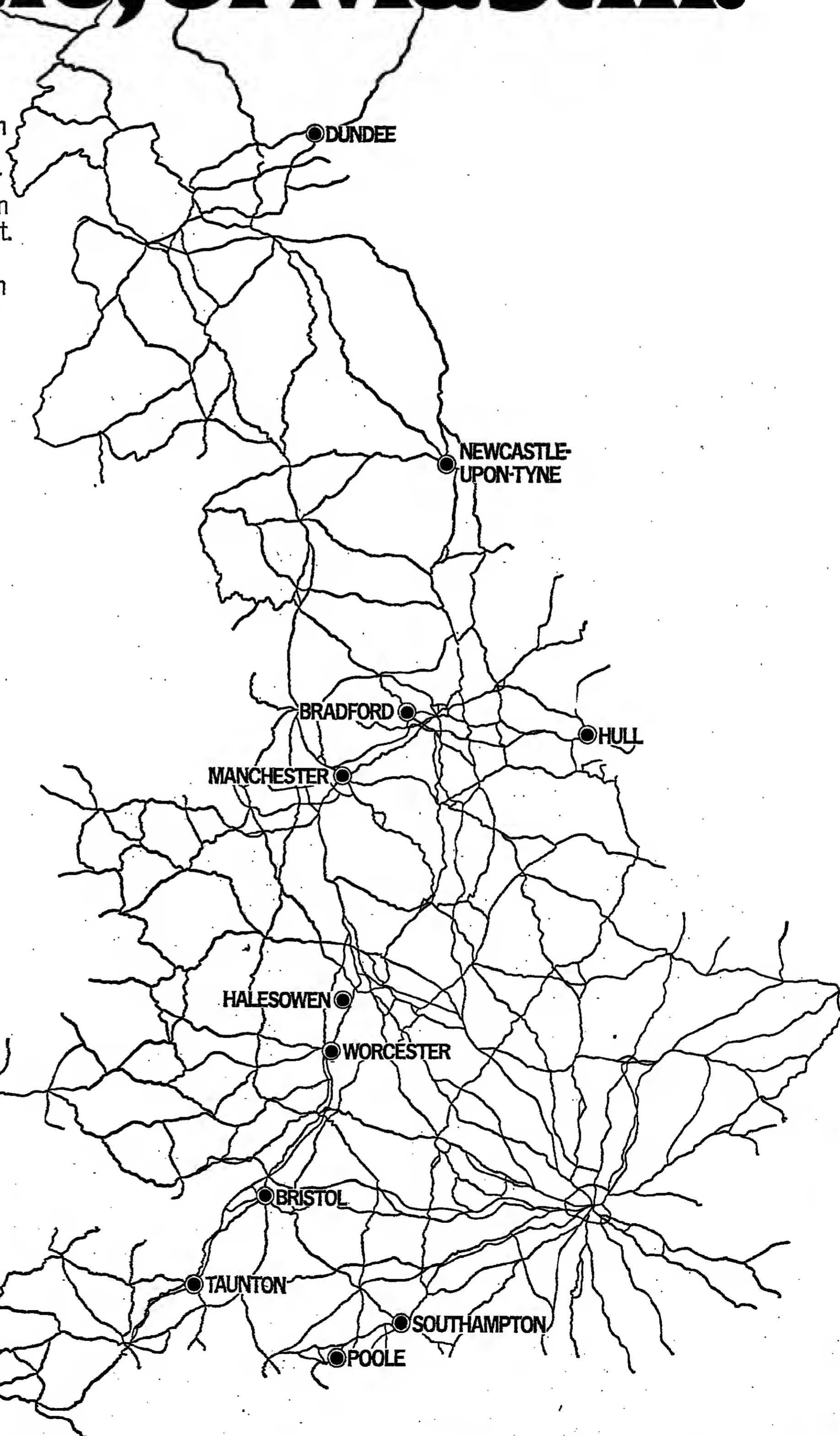
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THE ARTS

Television

Three worthy warhorses

by CHRIS DUNKLEY

Among the best and most consistent of BBC programmes are those which supplement the new Series such as Horizon, Sportsnight and Everyman...

Each produced a programme last week which was fairly typical of its series: not outstanding examples, just the sort of thing which they make week in, week out, year after year...

Which is not to say that they are perfect. Horizon is a little too keen on a Voice-of-God style which presents as unquestioned fact some aspect of science...

Sportsnight also provided some magnificently exciting film, this time from a motorcycle race at Oulton Park...

Everyman could devote less time to sociology and more time to the nuts and bolts of religion - gods, faith, after-life and so on - and find more time for non-theists such as humanists, rationalists and agnostics...

Yet it is the achievements of these series and not their faults which are most impressive. Whatever the shortcomings of occasional Horizon scripts...

Harry Carpenter, one of the most relaxed, pleasant and knowledgeable anchormen in the business, followed that with an eye-opening sequence using archive film to show the skin-colour prejudice which has been such an ugly aspect of boxing over the years...

Alan Yentob and telling him to treble the output of his excellent Arena series (which has often been as good as Horizon, Sportsnight and Everyman in its own area) Tony Palmer was allowed to revive that dreary notion from the silly Sixties that for gritty reality you have to go to the provinces...

There might be some point to this if television were to serve its function in overcoming distance by offering to Scots, say, a substitute "visit" to some Bangor exhibition they would never actually get to...

Although ITV's keenness to win back an audience will inevitably mean the offer of a number of plumps straight away (the very word Quatermass is enticing) it seems doubtful that they will manage to provide anything capable of entirely filling the gap left by BBC 2's Tinker, Tailor, Soldier, Spy...

It seems that it finally dawned on Humphrey Burton to re-use and re-use department that while that fraction of the population comprising opera and ballet lovers is now pretty well served by television...

The trouble was that instead of simply re-launching Line Up which anyway should never have been scrapped, or even better - giving the budget to

New York City Opera

Los Angeles as Carmen by ANDREW PORTER

"Once" the New York City Opera's orchestra and management had composed their differences, the season resumed with the new production of Falstaff (which Nicholas Kenyon will review), and then continued with Carmen and the first Street Scene and first Rigoletto of the season, all within three days...



Scene from Act 2 of 'Carmen'

Victoria de los Angeles was Carmen. Although she recorded the opera with Beecham and Gedda 20 years ago, she sang it on stage for the first time only last season in Newark, New Jersey. The City Opera Carmen was her first appearance on the New York stage for 18 years...

are wellworn repertory productions, but scenically they are more picturesque, appropriate and effective than the eccentric stagings on show at the Metropolitan this season...

Gilda goes up the steps and into the house, remains on a monotone B, doesn't rise to E on the last syllable. In the autograph, Mr. Chusid tells me, Verdi himself carefully made this change...

and Rigoletto was Pablo Elvira (who made an unscheduled Met debut two days later, stepping into Car and Pop). All three gave sound, traditional performances, and Elvira's was distinguished by a voice of uncommon beauty which remained full, smooth, and powerful right to the end of the murderous role...

King's Head

Twofers by MICHAEL COVENEY

Angela Wye's lunchtime triple bill for two players arrives with the unpromising boast of scooping the joint runner-up prize in the South East Arts Robert Morley Award for 1978...

The first sketch is particularly pointless and unfunny. A female drudge and a pipe-smoking Scot peruse the lonely hearts columns in a station waiting room...

The show is directed by Andrew Knox, who also appears. His other half is Leslee Udwin, an obviously versatile and vivacious Israeli actress who has lately arrived here from South Africa...

sexual role reversal is played around with, the girl donning the analyst's clothes, leaving their owner in his underpants. And finally, an unlikely blind date situation is revealed to be a revenge plot by the girl's relatives...

Old Vic

What The Butler Saw by MICHAEL COVENEY

The farce of Joe Orton's extraordinary last play - first produced posthumously and insensitively in 1969 - begins with a doctor in a private clinic asking a secretarial interviewee to remove her clothes...



Benjamin Whitrow and Prunella Scales

Leonard Burt

Or, for that matter, the woman. When the bizarre antics in the clinic of Dr. Prentice reach apotheosis time, we have a befuddled policeman descending on a scene of Euripidean confusion and bloodiness dressed in a leopard-skin...

The whole business has been supervised by a Government inspector, Dr. Rance, collecting material for an inebriated best-seller and, in the shape of Frank Windsor, assuming an uncanny resemblance to Lord Longford as the evening wears on...

I have a horrible suspicion that the director, John Dove, has been cowed somewhat along the way into using Orton's alternative and bowdlerised ending...

This deprives us of a glimpse of Sir Winston's statuesque parts. Elsewhere, Mr. Dove finds a chaotic rhythm in the proceedings that has escaped many producers. He does not, however, hide the whole play into a successful whole as did Lindsay Anderson at the Royal Court in 1975...

up half way through the second half, chiefly because the aphorisms don't mesh at the expense of the overall shape. Dr. Rance, for Mr. Anderson, was a lugubrious commentator half in and half out of the action. Mr. Windsor is too immersed from his first hectic entrance. Also, one feels that Benjamin Whitrow and Prunella Scales as Dr. and Mrs. Rance are denying the comedy life by playing in a manner more suited to Alan Ayckbourn...

penet, is a little too old for the part of the secretary, and Nicola Grace a little too knowing as the page boy. His, though, is an accomplished performance. I feel that the company fails to straddle the language with the swagger of the Court company, but that may be because of the imposed pace of the production. I found myself laughing out of memory rather than the sudden shock of subverted linguistic experience that was Orton's trademark...

Arts Theatre, Cambridge

Anatol by B. A. YOUNG

Schnitzler's Anatol consists of a series of independent sketches about a wealthy young bachelor in the Vienna of 70 years ago and his line of mistresses. They illustrate the author's favourite theme of insincerity in love. I doubt if Anatol speaks a single sincere line throughout the evening, though no doubt he sometimes thinks he does...

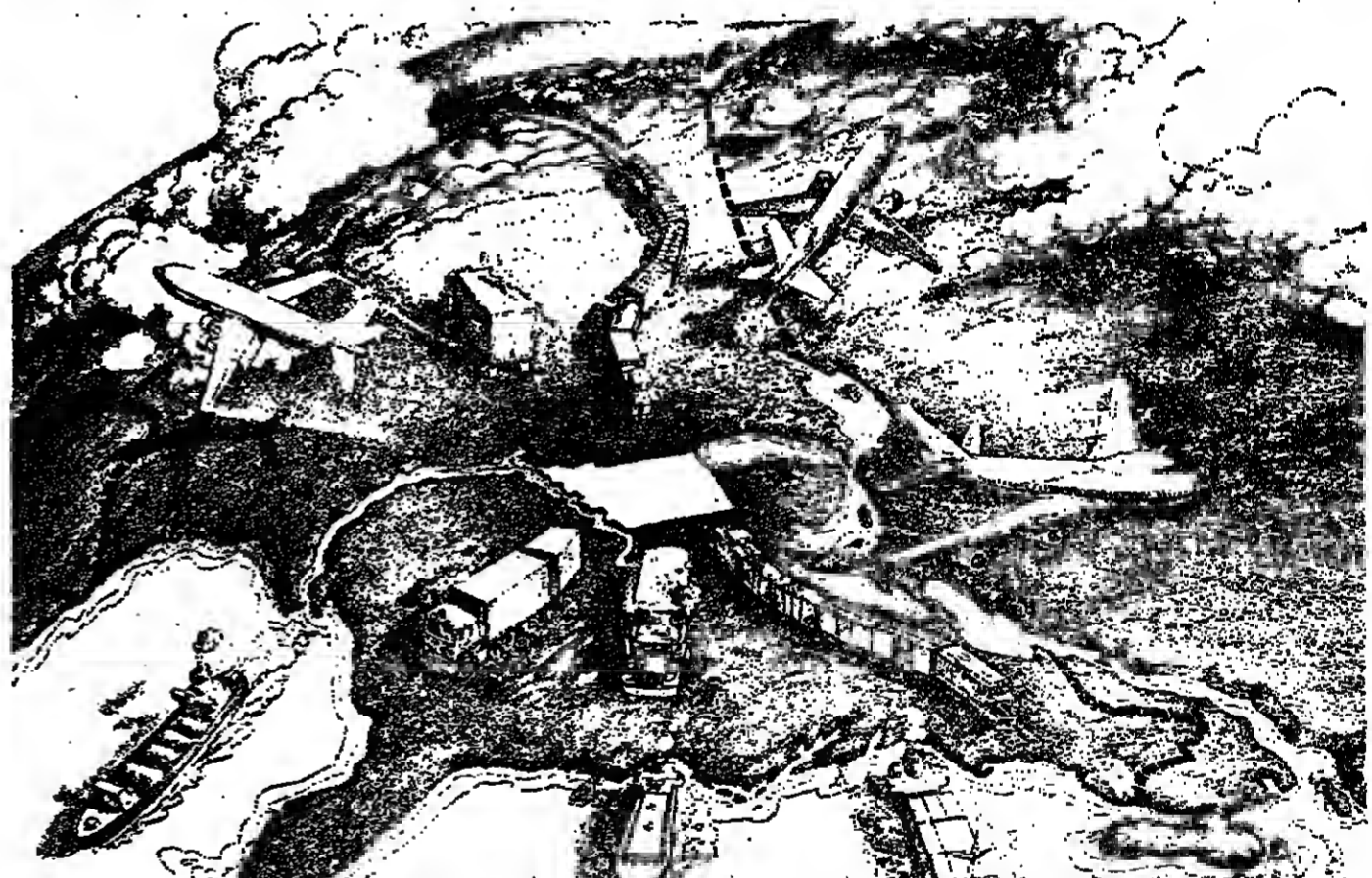
dipping vinegar on all that sweet cake. The little plays are not only funny; they are medicinal. In the part of Anatol, Christopher Cazenove presents a splendidly romantic figure, immaculately dressed in half a dozen suits, obsessed with the conviction that every lady in Vienna, whether opera star or slasse Madel from the suburbs, must be in love with him if he chooses that she shall be so...

is a danger that when he is present he may overpower the all-too-familiar Anatol, a danger that is never quite avoided in this beautiful production under Michael Kuslow, especially in the hilarious and quite unmediated last scene where a former mistress tries to keep Anatol from his wedding. The girls come in every variety - Natalie Ogilvie as the simple suburban whose fidelity is tested by hypnosis, Rita Paby as the married ex-mistress shopping in winter snow...

collecting enough girls that accounts for the play being so seldom seen. Connoisseurs will find this production worth the trip.

Nadia Boulanger

Nadia Boulanger, one of the most influential figures in music this century, has died in her native Paris aged 92. A composer and teacher of generations of musicians, she was a Grand Officer of the Legion of Honour and received honorary degrees from the universities of Harvard, Oxford and Newcastle-upon-Tyne. She studied at the Paris Conservatory and then taught at the Ecole Normale de Musique in Paris between 1920 and 1939. She became Directress of the American Conservatory at Fontainebleau in 1949 and then taught and performed throughout Europe and the U.S.



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UK COMPANY NEWS

Paterson Zochonis falls by 13.8% at year-end

A TEMPORARY drop in turnover with Nigeria and losses due to the road transport dispute hit profits of Paterson, Zochonis and Company...

HIGHLIGHTS

The City was stunned by the total abolition of exchange controls. Lex looks at some of the implications of this historic move...

R. P. Martin profit and dividend downturn

After falling from £358,883 to £287,888 in the first half, R. P. Martin and Co., foreign exchange and currency broker, has finished the June 30 1979 year with taxable profits of £494,000 against £632,000.

Laporte Industries calling for £10.6m

A RIGHTS issue to raise £10.6m for Laporte Industries, the chemical manufacturing group, was announced yesterday. The cash call will involve the issue of 11.5m shares on the basis of one-for-four at 95p each.

Ductile falls to £4.71m but dividends up 29%

AS FOREWARNED at the interim stage, pre-tax profits of Ductile Steels, at £4.71m for the year ended June 30, 1979, failed to match the previous year's £5.11m.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Corrected dividend, Total last year. Lists dividends for Bambers, Ductile Steels, Eng. Natl. defid., Fidelity Radio, Lawrie, London Brick, R. P. Martin, Paterson Zochonis, Redifusion TV, V. Ranneiman, Securites Trust, Singla, and Sketcheley.

Taxable revenue of City and International Trust went ahead to £1.25m in the year to August 31, 1979, against £1.07m. Gross revenue is up from £1.28m to £1.5m.

City & Intl.

A final dividend of 3.7p (3.2p) is announced, making a total of 5.7p (4.7p) on earnings per 25p share stated to have risen from 4.22p to 5.87p.

Fitzroy Invs. chairman resigns

Mr. Gerald Thompson has resigned as chairman of Fitzroy Investments and the p/a of a unit under 5 is the dividend total is lifted over 29 per cent from 5.4125p to 7p net, with a 4.8313p final.

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Bambers well ahead so far

TURNOVER AND profits of Bambers Stores, formerly Vernon's, are well ahead of target for the six months ended July 28, 1979 and despite trading conditions remaining difficult, the directors look forward to a record year.

In the opening weeks of the second half trading conditions have remained difficult, Mr. Marks says, but directors continue to be optimistic. He adds:

Following a jump to £2.79m for the previous year, pre-tax profits for the period rose from £629,000 to £1,066m on turnover up by £1.34m to £11.2m.

Table with columns: 1979, 1978, 0000. Rows: Turnover, Trading surplus, Profit before tax, Tax, Net profit.

The interest rate on this week's batch of local authority yearling bonds is up from 13 1/2 per cent to 13 1/4 per cent, issued at par, they are due on October 29, 1980.

Singlo slumps to £95,000

AS A result of a sharp deterioration in trading performance in the final part of the March 31, 1979 year results of Singlo Holdings, tea producer, food processor and soft drinks and giftware manufacturer, were worse than the Board had expected last January in their interim report.

lorry drivers' dispute hit Wood Bros. Glass Company severely and as a result this company has now been disposed of. Fieldman Preserves continued to make losses rather than moving into profit as anticipated.

Yearlings up to 13 1/2%

The interest rate on this week's batch of local authority yearling bonds is up from 13 1/2 per cent to 13 1/4 per cent, issued at par, they are due on October 29, 1980.

The issues are: Wansbeck DC (£0.25m), Bassellaw DC (£0.5m), East Lindsey DC (£0.5m), Lochaber DC (£0.25m), Birmingham DC (£1m), City of Dundee CC (£1m), Cambridgeshire CC (£0.5m), Cleveland CC (£0.5m), Borough of Cydon Valley (£0.25m), London Borough 4 Waltham Forest (£1m), Metropolitan Borough of Wigan (£1m), Colchester BC (£0.5m), North Warwickshire BC (£0.5m), Northavon DC (£0.25m), City of Wakefield Metropolitan CC (£0.5m), London Borough of Barkingside (£0.5m), Scarborough BC (£0.5m), Borough of Thamesdown (£0.5m), South Ribblesdale (£0.5m) raising £0.5m through 13 1/2 per cent bonds due October 21, 1980.

TKM 1979 First half profits up £4m. Interim dividend 1.59p (1978 0.9558p)

Table with columns: 6 months ended 30th June 1979, 6 months ended 30th June 1978, Year ended 31st December 1978. Rows: Operating Profit, Taxation, Earnings, Dividends, Earnings per Share.

Extract from the Interim Report: In 1979 the results of BMW Concessionaires GB Ltd. will be especially good but these profits will be foregone when the manufacturer takes over the import concession at the end of this year.

Tozer Kemsley & Millbourn (Holdings) Ltd. 28 Great Tower Street, London EC3R 5DE. Tel: 01-283 3122, Extn. 272

Sime Darby begins move

Sime Darby Holdings has issued the formal scheme through which it is to move its place of incorporation from the UK to Malaysia. The move, costing Malaysian \$2.4m (£11,000), is expected to be completed on December 20.

Wood Bros. has been sold to a company under the control of Mr. H. W. Dixon, a Singlo director and chairman of Wood Bros. for a sum of £25,000, of which £15,000 has been paid and the balance is due before March 31, 1980.

Export Finance -Without Recourse- Contact: David Rippon at Arbuthnot Export Services Limited. 37 Queen Street, London EC4R 1BY. Tel: 01-256-5261

Helene of London Limited. Profits for the Half Year increased by 30%. Turnover increased by 14%. Current trading continues to be satisfactory. Unaudited results for the six months ended 30th June, 1979.

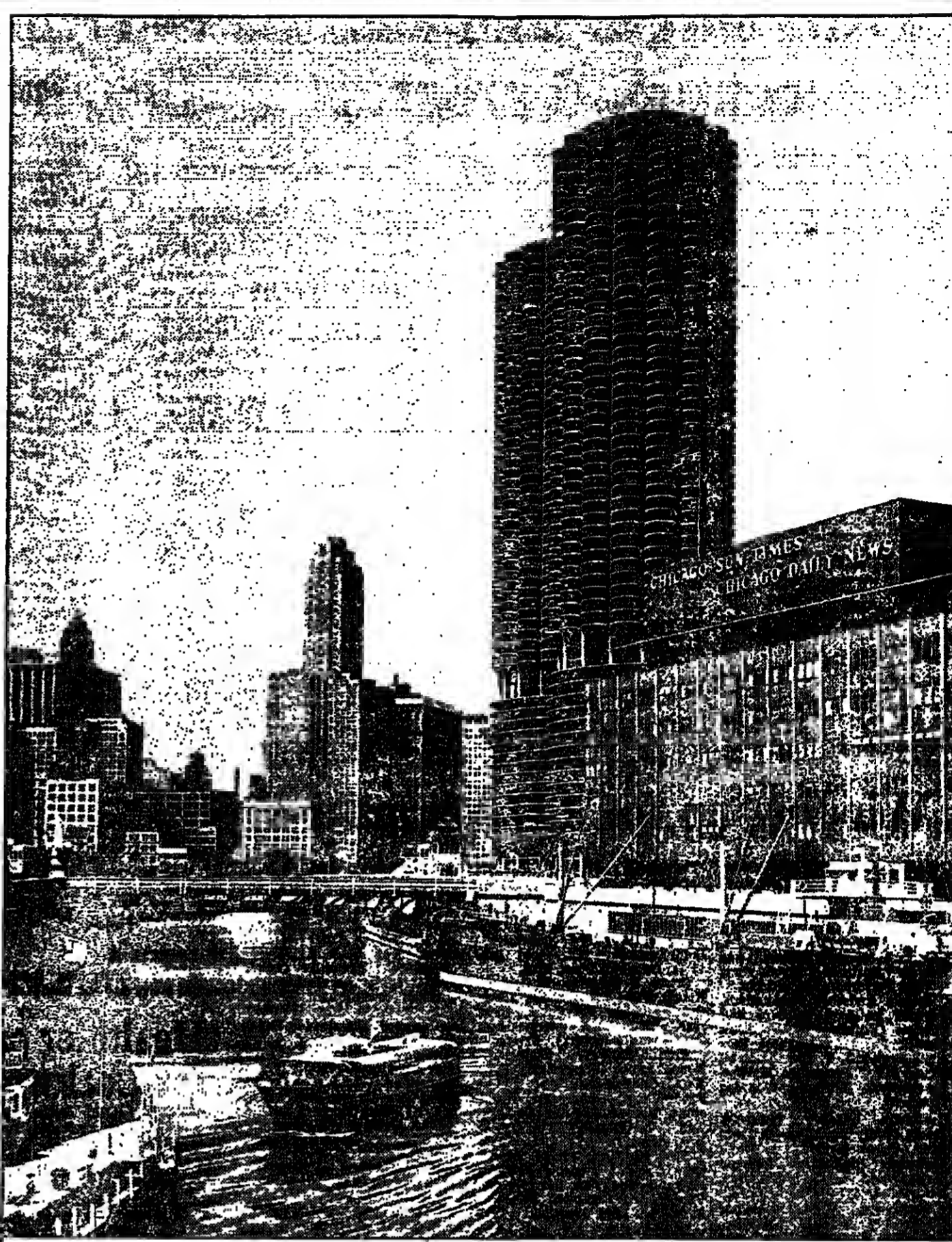
£4.71m
p 29⁰⁰

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on



City of London. Average prime office rental £17.00 per sq. ft.



City of Chicago. Average prime office rental £8.80 per sq. ft.

Chicago has a long way to grow.

For Chicago you could also read Atlanta, Dallas, Houston and a number of other American locations.

We're not just listing names of cities, but marking out considerable opportunities for the British investor in property. Where real estate values are not simply lower than values on this side of the Atlantic, but also offer considerable potential for investment growth.

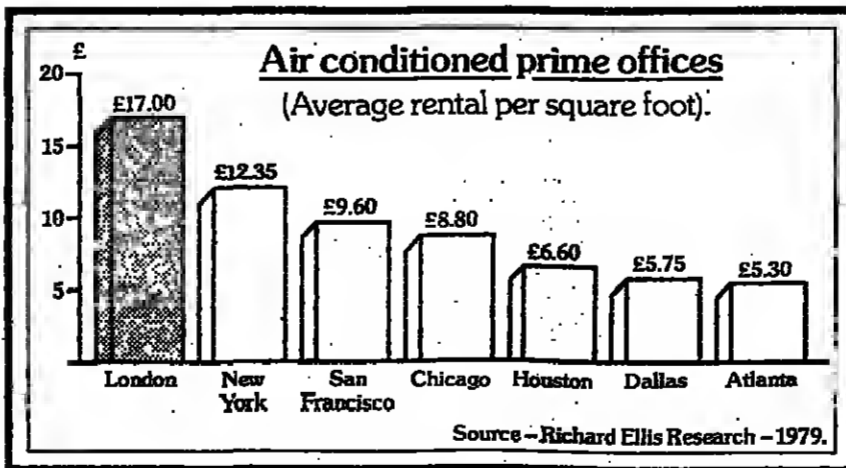
We've noted that a downturn in construction following the previous recession in the US economy has led to a heavy pre-commitment of new property space. This factor, combined with

constraints on borrowing capacity and a powerful environmental lobby, is creating an acute shortage of prime office space in many key business centres.

Richard Ellis are amongst the leading

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For more information on American or other international investment markets contact Andrew Huntley or Chris Budden at Richard Ellis, 64 Cornhill, London EC3V 3PS. Telephone: 01-283 3090.



All rentals in US are inclusive of real estate taxes and all outgoings.

Richard Ellis

Chartered Surveyors

TKM surges £4m and sees continued progress

TAXABLE profits of Tizer Kemble and Millburn (Holdings), the international finance, trading and investment group, surged from £2.9m to £6.9m in the first half of 1979. And progress is expected to continue throughout the year.

The group is benefiting somewhat from the strength of sterling, they add, as the proportion of profits derived from the sale of imported goods has outweighed that earned in foreign currency overseas.

comment

Although at a year's high of 78p, TKM's share price still reflects the uncertainty of bow, in the short term, the company is aiming to replace earnings from the BMW franchise after termination in December. Assuming the company is going to squeeze the last drop from the concession here it ends—and in 1978 it probably contributed more than half of the group's £7.7m operating profit—the market's concern is understandable. The company is confident that it can make up the shortfall from other activities, especially from Price and Pierce's forest product activities and the international trade and finance division where there is plenty of room for growth. However, it is difficult to see the company relying solely on organic growth. The most likely strategy is to couple this with a substantial acquisition, for which there should be no trouble in finding the necessary cash. Until then, TKM's rating is unlikely to match its fellow

overseas traders. On doubled first half earnings, the prospective fully taxed p/e is 5.6 while the yield is 8.1 per cent compared with 8.4 and 7.6 per cent respectively for the sector average.

Rediffusion TV cuts dividend

A SHARP fall in second half profits has left the taxable surplus of Rediffusion Television, a subsidiary of British Electric Traction, down by over £2m from £11.31m to £9.22m for the year ended July 29 1979.

The dividend for the full period is cut from 63p to 53.5p net per £1 share, with a reduced final payment of 38.5p (48p).

Sketchley up 19% midway

WITH ALL divisions contributing to the improvement, taxable profits of Sketchley, industrial workwear rental, dry cleaning and textile finishing concern, expanded 19 per cent from £2.78m to £3.22m for the six months ended September 25, 1979. Turnover advanced by 22 per cent to £24.58m.

For the 1978-79 year profits had risen to a record £4.94m, and the directors said the current year should be one of further progress.

The interim dividend is increased to 2.8p (2.2p) net last year's final payment being 3.294p. The directors hope to pay a final, appreciably higher than last year, assuming trading conditions continue to be satisfactory.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering the financial statements and are not held for the purpose of recommending a dividend or recommending a share issue.

Table with columns: Company Name, Date, and Notes.

On an SSAP 15 basis earnings per 25p share, for the half year, are shown as 18.2p (16.4p) and 10.4p (9.3p) on a full tax charge.

The interim dividend is increased to 2.8p (2.2p) net last year's final payment being 3.294p. The directors hope to pay a final, appreciably higher than last year, assuming trading conditions continue to be satisfactory.

comment

With the dry-cleaning market almost static and the textile side

Winding up for 127 companies

- List of 127 companies being wound up, including Furriers, Firbeck Plant Services, Slaty Properties, Bruton Design Studios, etc.

Healthier profit margins for Lockwoods Foods

FORWARD SALES booked by Lockwoods Foods since June are substantially ahead and profit margins are showing a healthier trend, says Mr. Philip Lockwood, the chairman.

The purchase of the meat conning interests which Lockwoods had been managing in France was completed in July after a long delay. The use of both the buildings and plant involved is now being improved and a recent valuation of the French company's assets has thrown up a useful surplus, Mr. Lockwood points out.

Linford Holdings Limited

Advertisement for Linford Holdings Limited, including UK sales of £800 million, dividend of 9-75p per share, and results for the year ended 28th April 1979.

Getatable Newport advertisement with map and contact information.

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF THE COMPANIES ACT 1968. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 21st day of November, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their claims or debts, and the names and addresses of their Solicitors (if any), to the undersigned.

THE COMPANIES ACT 1948 TO 1979. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 21st day of November, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their claims or debts, and the names and addresses of their Solicitors (if any), to the undersigned.

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EXHIBITIONS GOLDSMITHS' HALL, THE SCHROEDER HERITAGE. An exhibition of Renaissance treasures at Goldsmiths' Hall, 15, Old Bailey, London EC4A 3DF, from 19th to 23rd October 1979.

COMPANY NOTICES GENERAL MINING AND FINANCE CORPORATION LIMITED. DIVIDEND NO. 107 - COUPON NO. 105.

ART GALLERIES ARTISTS' GALLERY, 24, D'Arny St. W.1. ARTISTS' GALLERY, 24, D'Arny St. W.1.

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UK COMPANY NEWS

EZ Inds. revalues its assets

THE AUSTRALIAN zinc producer and aspiring uranium miner, EZ Industries, has revalued its assets for the first time in its 23-year history, adding A\$75m (£38m) to its assets, reports James Forth from Sydney.

The directors have given no reason for the revaluation but it comes against the background of persistent buying of EZ shares by the mining and investment group, North Broken Hill. North recently disposed of a 20 per cent stake in the mining and investment group BH South and has pumped some of the funds into EZ. It has now built up a stake of at least 23 per cent of the latter's capital.

Profits surge in North America

BY PAUL CHEESERIGHT

A SURGE in earnings by major North American mining groups is providing a cushion against the effects of any future recession in the U.S. Mr. William W. Brown, the U.S. Treasury Secretary, said last week that the recession could be moderate. It is apparent from the third-quarter figures released by a succession of groups, all of which show that demand for minerals, with the exception of steel, has been appreciably stronger than in 1978. Although zinc may to some degree be seen as a barometer of difficulty, the market has been affected by special factors.

boosted by the additional factor of the decline of the Canadian dollar relative to the U.S. unit: Cominco had net profits in the September quarter of C\$42.4m (£16.68m) sharply higher than the C\$7.3m in the 1978 third quarter. After the first nine months, earnings had climbed to C\$135.5m from C\$35.6m in the same period of 1978. Vestgron Mines, the Cominco subsidiary, pushed net profits over the first nine months up to C\$18m (£9m), from a lowly C\$274,000 in the first three quarters of 1978. Brenda Mines, controlled by Noranda, earned a net C\$15.5m (£7.4m) over the first nine months of the year, compared with C\$8.4m in the first three quarters last year.

Lornex has decided to spend C\$160m on an expansion of its Highland Valley mine in British Columbia in order to achieve a 65 per cent growth in its milling rate by mid-1981. The expansion will be financed from company funds, supplemented by bank borrowings. Noranda meanwhile has reached agreement in principle to buy for an undisclosed sum the mining properties in Canada of the Zapala Corporation of Houston. The package includes notably the Granite copper mine in central British Columbia. But Noranda's affairs are changing in another way. Brascan has built up a 15.3 per cent stake in the group and is seeking representation on the Board. For its part Cominco has taken an option to buy from Esabeon Mines a 25 per cent stake in Arvik Mines, which has high grade lead-zinc properties in the Arctic. Arvik could thus become a wholly-owned Cominco subsidiary.

Bougainville & Palabora

LOWER copper and gold production in the September quarter is reported by the Rio Tinto-Zinc group's big Bougainville Copper open-pit operation in Papua New Guinea. The fall reflected lower milling of 8.98m tonnes, compared with 9.39m tonnes in the June quarter, coupled with slightly lower ore grades. Copper production in the September quarter amounted to 43,651 tonnes making a nine-month total of 132,395 tonnes against 131,301 tonnes in the same period of 1978. Gold output was 5,061 kilograms, making 5,555 kgs against 18,199 kgs. The RTZ group's Palabora copper mine in South Africa has managed to replace the defective shells of its two autogenous mills in only 58 days compared with the original estimate of 120 days. As a result, the loss of copper production during the change-over period has been reduced to 2,400 tonnes compared with the earlier expectation of a loss of 5,000 tonnes. Palabora's September quarter copper output amounts to 29,444 tonnes making 82,533 tonnes for the past nine months against 87,720 tonnes. Other products, sales for the nine months of manganite total 45,672 tonnes against 103,709 tonnes, sulphuric acid 77,153 tonnes (91,533 tonnes), vermiculite 133,154 tonnes (140,764 tonnes), uranium concentrates 114,121 kgs (99,322 kgs).

Fidelity 25% up midway

AN INCREASE in taxable profits of 25 per cent—from £320,000 to £399,000—is reported by Fidelity Radio for the half year to September 30, 1979. Sales expanded 22 per cent to £10.5m, against £8.55m. Economic uncertainties surrounding the immediate future preclude any positive projections for the second half, says Mr. J. Dickman, chairman, but a satisfactory improvement in last year's £1.7m total profit is expected. The increased demand of the opening months is maintained, and sales should benefit from consumer spending prompted by tax repayments this month.

Gross revenue was higher at £1.25m against £1.16m. Tax takes £127,191 (£118,539). The net interim dividend is raised from 6.6p to 8.72p—last year a total of 1.3p was paid from profits of £1.82m. Net asset value per 25p share is given as 78.71p (74.31p). The taxable surplus was struck after expenses of £61,848 (£51,501) and interest of £113,042 (£114,090).

Business patchy for Royal

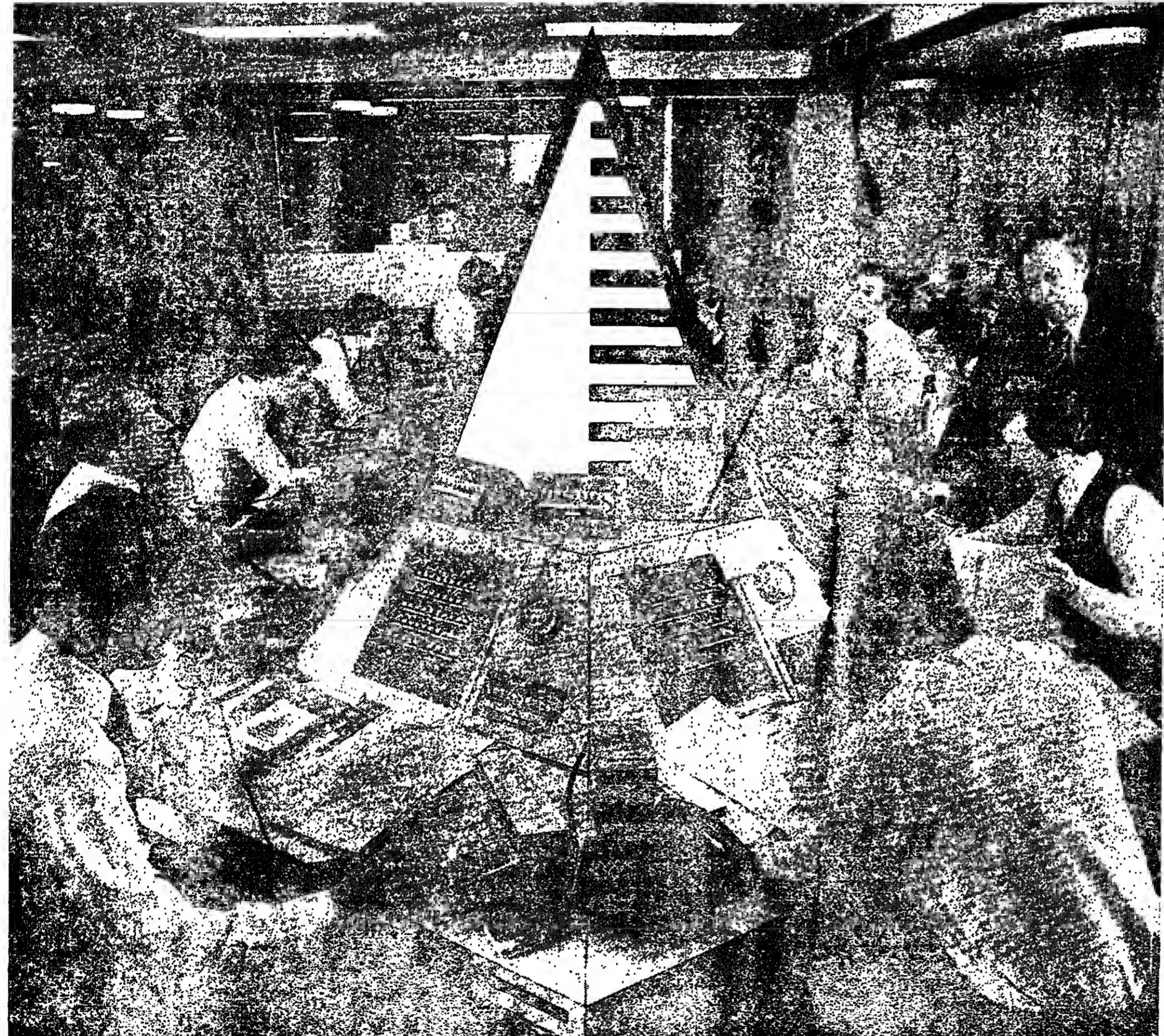
A PATCHY result for new life business worldwide is reported by Royal Insurance for the first nine months of this year. New annual premiums improved by 8 per cent from £16.7m to £18.1m, but single premiums fell by 10 per cent from £16.4m to £14.8m. In the UK and the Republic of Ireland, new annual premiums at £19.5m were 7 per cent higher. Sales of Building Society mortgage linked endowment assurance contracts showed some improvement, while the demand for top-up mortgages continued at a high level resulting in a significant increase in business. The company also reports very substantial growth in the marketing of individual pension policies for the self-employed, directors and key employees. However, single premium business in the UK and Republic of Ireland declined by 10 per cent from £18.2m to £16.5m. This was due primarily to lower annuity sales; Royal's annuity rates being less competitive this year.

Outwich profit tops £1m so far

Pre-tax profits of Outwich Investment Trust rose from £982,178 to £1,077m in the half year to September 30, 1979.

WACE RESULT

Wace Group announces that in connection with its recent rights issue, acceptances have been received in respect of 632,145 new ordinary shares equal to 94.83 per cent.



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Advertisement for Atlantic Assets Trust Limited, featuring a portrait of J. V. Sheffield, Chairman, and text describing investment objectives and contact information for Ivory & Sime Limited.

مركز الاموال

Companies and Markets

NORTH AMERICAN NEWS

National Steel profits slip

BY STEWART FLEMING IN NEW YORK

THE SQUEEZE on the profitability of major steel companies in the third quarter of the year is apparent in the results reported yesterday by National Steel, the third largest U.S. steel producer.

affected by rising costs and operating expenses, which jumped 18.7 per cent for this year's third quarter compared with last year's third quarter.

Special gain boosts pulp and paper group

On a nine months basis, net profits increased to \$278.300 or \$1.89 a share compared with \$133.400 or \$0.88 a share for the nine months period last year.

Downturn at Eastern Airlines

BY OUR NEW YORK STAFF

EASTERN AIRLINES joined the growing band of U.S. airlines reporting sharply lower third quarter earnings yesterday.

Last year's figure, however, included an extraordinary gain of \$3.8m from a tax credit.

Overall earnings in INA's non-insurance activities were also lower because losses by its investment banking arm, Blyth Eastman Dillon, offset gains from its housing and collateral control businesses.

Western union deficit

A writedown of \$22.100 in the value of communications terminals and \$1.1m in employee severance costs led to a third quarter deficit of \$23.31m or \$1.65 a share against a profit of \$11.400 or 59 cents for the same quarter last year.

Sharp rise at American Brands

BY OUR FINANCIAL STAFF

AMERICAN BRANDS, the U.S. tobacco group which owns the UK Gallaher cigarette company, had a strong third quarter with net profits advancing by 116 per cent to \$114.4m or \$0.92 a share from \$52.9m or \$0.43 a share in the third quarter.

The quarter's figure includes a \$27.8m tax allowance for Gallaher's which amounts to \$1.04 per share.

Callaghan's income in the 1973 third quarter included a \$3.4m pre-tax gain from sales of light equipment against \$2.1m for this same year ago.

AMERICAN QUARTERLIES

Table with columns for various American companies (e.g., AMERICAN BROADCASTING COS., CROWN CORK & SEAL, HOUSTON INDUSTRIES, NY STATE ELECTRIC & GAS) and their financial data for the 3rd and 9th quarters of 1978 and 1979.

Advertisement for ÖSTERREICHISCHE INVESTITIONSKREDIT AKTIENGESellschaft, featuring investment notes and company information.

Investment losses curb growth at INA

BY DAVID LASCELLES IN NEW YORK

INA, the large insurance and financial services group, registered a 10 per cent increase in net operating profits in the third quarter.

Overall earnings in INA's non-insurance activities were also lower because losses by its investment banking arm, Blyth Eastman Dillon, offset gains from its housing and collateral control businesses.

Brascan lifts Noranda stake

TORONTO — Mr. J. Trevor Epton, president and chief executive of the Canadian holding group Brascan, said the company purchased on Monday 4.3m additional Noranda Mines shares raising the stake in Noranda to about 16.3 per cent.

Brascan has requested representation on the Noranda Board and understands that the request will be considered at a Noranda Board meeting on November 16.

Bond firm closes

Park Ryan, a small bond firm, said it was going out of business, Reuter reports from New York. The firm partly blamed the Federal Reserve's recent credit tightening moves which have resulted in bond trading losses.

Gulf Oil turns in record third quarter earnings

BY OUR FINANCIAL STAFF

ANOTHER REPORT of successful trading in the oil industry came yesterday when Gulf Oil, which has major crude oil interests in both the U.S. and Canada, announced that earnings had almost doubled in the third quarter to total \$416m, or \$2.13 a share, against \$108 a share in the corresponding period last year.

Gulf's net income in the U.S. rose 36 per cent to \$232m in the nine months to September. In Canada, nine-month profits rose from \$93m to \$145m while earnings in Europe were \$76m compared with a \$240m loss last year.

80 per cent of Gulf's total. At the halfway stage, earnings were 80 per cent ahead of last year's. In Canada and elsewhere in practically all business sectors, notably chemicals.

Eurobond prices slide further

BY OUR EUROMARKETS STAFF

EUROBOND PRICES declined in all major sectors of the market for the second day running yesterday.

The current state of the market could however lead to the postponement of at least the first of these issues till the tail-end of the month.

Overseas selling continued to hit Swiss Franc bonds, which have lost a point across the board since the end of last week.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. Dollar and other bond issues, showing interest rates and yields.

Table with columns for Floating Rate and other bond issues, showing interest rates and yields.

Table with columns for Swiss Franc and other bond issues, showing interest rates and yields.

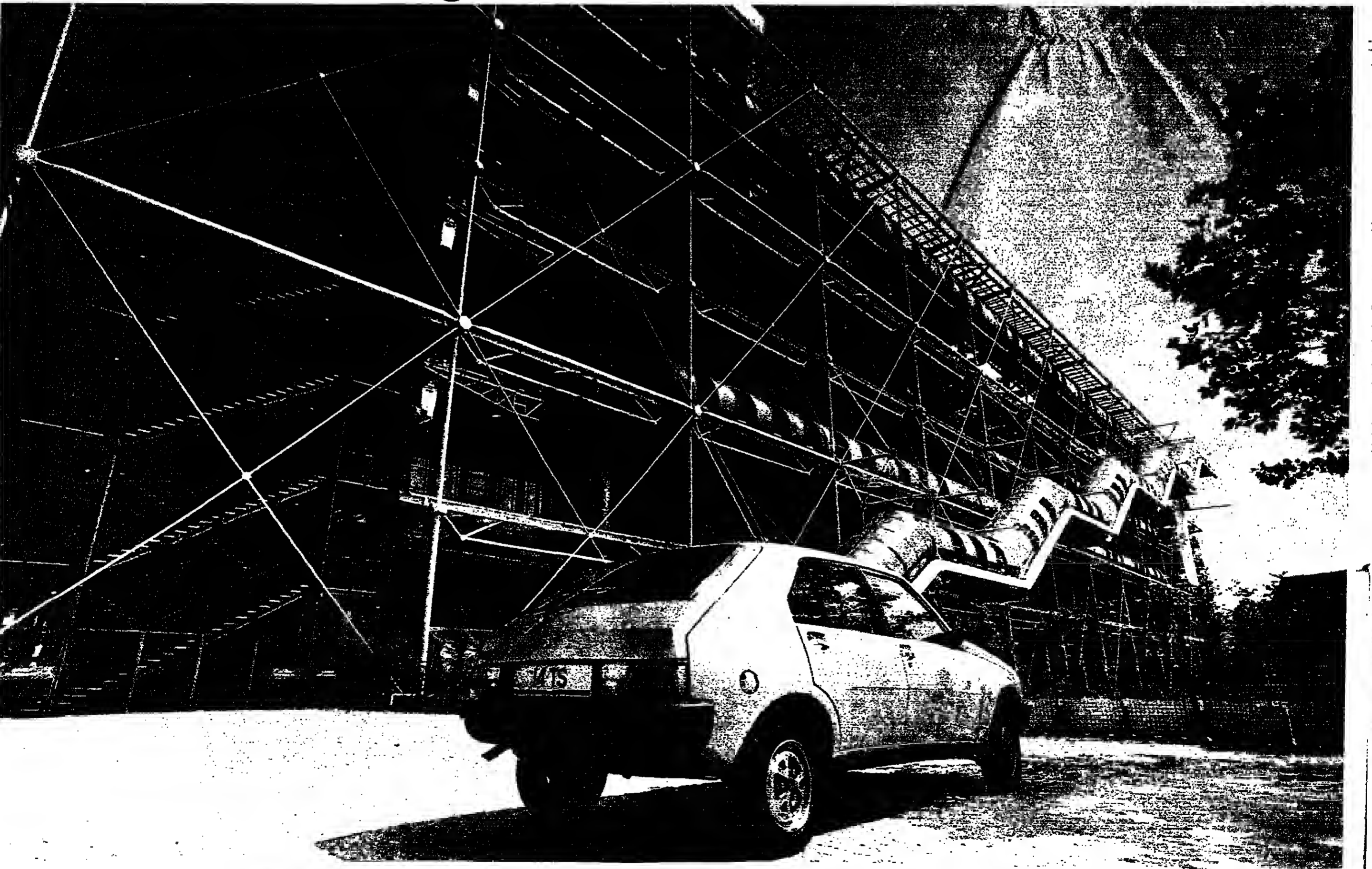
Table with columns for U.S. Tobacco and other bond issues, showing interest rates and yields.

The bodyshell of the Renault 14 hanging in the Arts Centre Beaubourg, Paris. The finished piece is on view at your local Renault dealer.



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مكتبة الأصيل

Sharp rise in profit at Singapore Airlines

By Georgie Lee in Singapore

SINGAPORE AIRLINES (SIA) has reported a rise of 43.1 per cent in group post-tax profit for the year ended March, to S\$60.8m (US\$23m). At the airline itself the profit figure showed a 38.6 per cent improvement to S\$39.1m.

Revenue increased by 28.5 per cent to S\$1.61bn (US\$743m) at the group level, and by 29.7 per cent to S\$1.48bn at the airline alone. Group expenditure went up by 29.5 per cent to S\$1.49bn while the airline expenditure rose by 30 per cent to S\$1.42bn.

Capital spending of the airline moved up sharply, by 65.5 per cent to S\$739.6m. Largely on account of the purchase of new aircraft and related equipment. Of this, 37 per cent or S\$273.5m was financed by the airline's own funds. Mr. J. Y. M. Pillay, SIA's chairman, disclosed that capital outlays would average S\$900m annually for the next five years.

Despite a 1.7 per cent improvement in the passenger yield, the airline's overall yield fell by 2.9 per cent from S\$1.051 per tonne-kilometre to S\$1.02 per tonne-kilometre—because of a low yield on freighter services. Unit cost, on the other hand, fell by 1 per cent from 62.2 cents per tonne kilometre to 61.6 cents per tonne kilometre.

Traffic carried by the airline advanced by 34.5 per cent to 1.435bn tonne kilometres while capacity rose by the slower rate of 30.8 per cent to 2.05bn tonne kilometres. This resulted in the airline achieving an improvement in its overall load factor from 58.1 per cent in 1977-78 to 70 per cent in 1978-1979.

Commenting on the SIA's prospects, Mr. Pillay said, "the immediate future is clouded with uncertainty. Sharp increases in fuel prices, inflation of other costs, and possible slowdown in growth of international travel dim the horizon. But in the long run, prospects are good. In the 1980s we shall expand strongly into the U.S. market despite fierce competition from U.S. carriers."

SIA has projected an average annual growth rate of 20 per cent in capacity over the next five years, chiefly through expansion into the North American market.

CSR bids for 16.8% of Thiess in the market

BY JAMES FORTH IN SYDNEY

CSR, the major industrial and mining group, has made an ambitious move to expand considerably its interest in coal, while at the same time attempting to prevent further control of Australian resources by foreign companies.

CSR yesterday announced that it had instructed brokers to buy on the sharemarket 11m shares or 16.8 per cent of the capital of Thiess Holdings, the major Queensland coal producer, civil engineer and motor vehicle distributor. CSR did not specify a price but all purchases yesterday were at A\$6.74.

At this price, the CSR order would cost A\$74m—enough to acquire totally most Australian companies—and values Thiess at more than A\$450m (US\$500m). The announcement of the order was designed to flush out sellers. The directors of Thiess countered by advising that a board meeting would be held today to discuss the move and a further statement would be issued. They advised shareholders not to sell pending an assessment of the position, and said that at that stage the board was unable to ascertain CSR's intentions.

Operating through the Sydney sharebroker, Ord Minnett, CSR had picked up about 1.5m shares or 2.25 per cent of the capital by the close of trading. It was also planned to trade in Thiess in London yesterday. A full bid would more than double the largest takeover bid made for a listed company—the current A\$210m offer by Western Mining Corporation for BH South—but such a move is unlikely, at least in the short term.

CSR is liquid, and reportedly has A\$100m or more at present in the money market, which would enable it comfortably to fund its market order. But a full bid would make large demands even for CSR.

In any case the oil major, Shell holds 15.8 per cent of the capital. Shell has been building up its coal resources and would appear an unlikely seller. It bought its holding two years ago at A\$2.35 a share when the base metal miner, MIM Holdings quit after being rebuffed in takeover overtures for Thiess.

CSR would be well aware that a 16.8 per cent stake does not represent control of Thiess and that the Shell holding represents an effective counter. CSR

could continue to buy beyond its stated target, or it could attempt to come to an understanding with the other large shareholders.

The other major holder is the AMP Society, the life office, with 10.3 per cent of the capital. These three holders account for 43 per cent of Thiess and could exercise control. CSR has a policy of owning and managing its operations, and would probably ultimately aim at taking the remainder of Thiess. This might suit Shell and the AMP Society if they could exchange their holdings for participation in some of the Thiess resource projects under consideration.

Thiess has coal mines at Blackwater in Queensland and is a 22 per cent partner, with Broken Hill Proprietary and Mitsui, in Thiess-Dampier-Mitsui (TDM). It has several potential large coal projects, including three in which CSR is a partner—Theodore, Yarrabee, and Wandoo. TDM is also working on developing another venture at Nebo which would share rail and port facilities with the proposed Hail Creek coking coal project, in which CSR is the major partner.

INTERNATIONAL LENDING

Japan banks warned on growth

BY RICHARD C. HANSON IN TOKYO

THE MINISTRY of Finance has cautioned Japanese banks against what it considers "over rapid" increases in foreign currency lending to overseas borrowers—especially in what it sees as high risk countries.

Attempts are being made, however, to avoid the appearance of hard and fast controls on lending. Instead officials are, apparently, resorting to direct warnings to individual banks.

The tone of the latest official warning—delivered at a regular meeting with bank representatives—has become the more urgent since the total of outstanding yen and dollar loans abroad passed the \$30bn level in August. This is about \$5bn more than Japan's official reserves, which have dwindled as a result of steps to control the recent decline of the yen against the dollar.

Against this background, the Finance Ministry and Bank of

Japan are also urging banks to improve the ratio of medium-term borrowing to their medium- and long-term loans to foreign borrowers.

Concern by the authorities results from rapid increases in new dollar loans to overseas borrowers over several months. At the end of August, the outstanding balance of foreign currency loans by the major banks stood at \$24.3bn, up from \$20.5bn in March. At the time, two years ago, when such lending was liberalised, outstanding foreign currency loans amounted to less than \$10bn.

The banks are required under present guidelines to match medium-term loans with medium-term borrowing (greater than one year in maturity) to a 60 per cent proportion, based on the initial loan maturity. When viewed from a remaining maturity basis, this ratio stands at about 40 per

cent, which MoF and the Bank of Japan would like to see increased.

Officials are less concerned at the moment over new increases in yen denominated loans because general curbs on new yen loan increases have already served as a damper.

Outstanding yen loans overseas at the end of August stood at ¥1,274bn, or the equivalent of \$5.5bn. At the end of March, the figure was ¥970bn.

The authorities' concern that some banks might over-extend themselves to individual countries, particularly high risk developing countries, has so far brought no set guidelines on what would constitute too much lending to such countries. One suggestion, however, is that loans to individual foreign countries should not exceed 20 per cent of an individual bank's assets.

This announcement appears as a matter of record only, September 1978.



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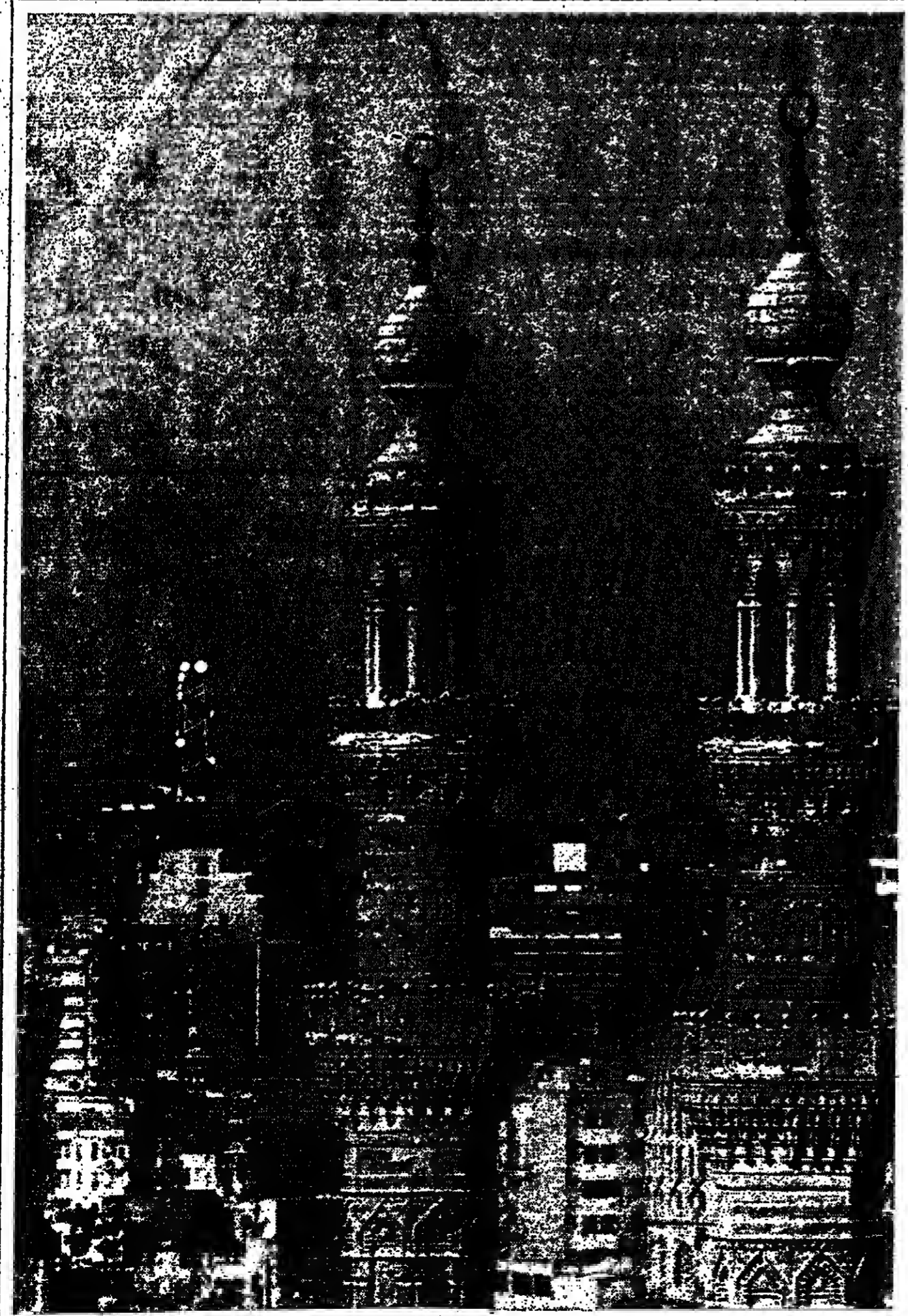
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Companies and Markets

CURRENCIES MONEY, and GOLD

Sterling falls

Sterling fell sharply in late afternoon on news of the abolition of UK exchange controls, but forward sterling was very firm. The pound opened at \$2.1445-2.1455, and touched a best level of \$2.1450-2.1460 before easing to \$2.1390-2.1310 at noon. The announcement on exchange controls by the Chancellor of the Exchequer pushed sterling down to a low point of \$2.1069-2.1070, but it recovered \$1.00 to close at \$2.1120-2.1140, a fall of 3.65 cents on the day.

in part of the Swiss currency via the dollar. AMSTERDAM—The guilder replaced the Belgian franc as the weakest member of the European Monetary System yesterday. The Belgian currency rose to Fl 4.8860 per 100 francs from Fl 6.8850, and the D-mark improved to Fl 1.1081 from Fl 1.1078 at yesterday's fixing. The dollar rose in Fl 2.0020 from Fl 1.9835 at the fixing, but sterling fell in Fl 4.2750 from Fl 4.2900.

COPENHAGEN—The Belgian franc, previously the weakest member of the EMS, rose to Dkr 15.15 per 100 francs from Dkr 15.11. The Dutch guilder, improved to Dkr 2.6385 from Dkr 2.6325 at the fixing. The dollar rose to Dkr 5.2710 from Dkr 5.2465 at the fixing. BRUSSELS—The Dutch guilder fell in Bfr 1.501 at the fixing from Bfr 14.531. The dollar rose to Bfr 29.055 from Bfr 28.98, and the D-mark to Bfr 16.076 from Bfr 16.095.

ZURICH—The sharp rise in U.S. interest rates depressed the Swiss franc against the dollar and the D-mark in early trading yesterday. The D-mark rose to SwFr 92.60, its firmest level for about a year, before easing to SwFr 92.44-92.52, while the dollar improved to SwFr 1.6750 from SwFr 1.6685 in very active trading. MILAN—The dollar rose against the lira, and was fixed at L531.70 compared with L529.05 previously. The Bank of Italy sold \$18.5m of the \$20.45m traded.

TOKYO—The Bank of Japan sold another \$250m to support the yen, as the dollar rose to ¥234.73 from ¥232.75. Speculation about a possible rise in the U.S. Federal Reserve discount rate kept the Japanese currency under pressure.

THE POUND SPOT AND FORWARD

Table with columns: Oct. 23, Day's spread, Close, One month, Three months, Six months. Lists rates for U.S., Canada, Belgium, Denmark, Ireland, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Australia, and Swiss.

THE DOLLAR SPOT AND FORWARD

Table with columns: Oct. 23, Day's spread, Close, One month, Three months, Six months. Lists rates for U.K., Ireland, Canada, Netherlands, Belgium, Denmark, W. Ger., Portugal, Spain, Italy, Norway, Sweden, Japan, Australia, and Swiss.

CURRENCY RATES

Table with columns: Oct. 22, Bank rate, Special Drawing Rights, European Currency Unit, Oct. 23, Sterling, U.S. Dollar, Canadian Dollar, Japanese Yen, etc.

CURRENCY MOVEMENTS

Table with columns: Oct. 22, Bank rate, Special Drawing Rights, European Currency Unit, Oct. 23, Sterling, U.S. Dollar, Canadian Dollar, Japanese Yen, etc.

OTHER MARKETS

Table with columns: Oct. 23, Argentina Peso, Australia Dollar, Brazil Cruzeiro, Finland Markka, Great Britain Pound, Hong Kong Dollar, Iran Rial, Israel Sheqel, Luxembourg Franc, Malaysia Dollar, New Zealand Dollar, Saudi Arab. Riyal, Singapore Dollar, Sth. African Rand.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, ECU amount, % change from central bank, % change against ECU rate, Divergence limit %.

EXCHANGE CROSS RATES

Table with columns: Oct. 23, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc 10, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc 100.

EURO-CURRENCY INTEREST RATES

Table with columns: Oct. 23, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

INTERNATIONAL MONEY MARKET

U.S. rates steady

Early trading in U.S. markets yesterday was described as chaotic with the Fed fund rate reflecting a demand for money by rising to 17 1/8 per cent initially. Later in the day, however, it eased to 16 1/4 per cent which was still a very wide spread. Interest rates on securities have tended to reflect a general feeling in the market that the U.S. discount rate is likely to be increased sooner than later, and 12-week Treasury bills stood at 12.98 per cent compared with Monday's record auction opening of 12.92 per cent. Similarly 28-week bills rose to 12.88 per cent at the start before falling back to 12.86 per cent at the auction. One year bills also showed a steeper decline with early quotes of 11.98 per cent against 12.40 per cent previously.

UK MONEY MARKET

Firmer trend

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Interest rates rose quite sharply in London yesterday following the abolition of exchange controls, as announced by Sir Geoffrey Howe, Chancellor of the Exchequer. Three-month interbank money was quoted at 14 1/4 per cent compared with 14 1/4 per cent earlier in the day and 13 1/4 per cent on Monday. Similarly, the one-year rate finished at 13 1/4 per cent against 13 1/4 per cent on Monday. Trading was quite hectic and confused, and the rise in rates reflected a natural adjustment in the light of higher interest rates offered on the continent.

LONDON MONEY RATES

Table with columns: Oct. 23, Sterling, 1978, Money Rates, New York, Prime Rate, Fed Funds, Treasury Bills, etc.

WEAKER TENDENCY

Gold fell 88 to close at \$364.36 in the London bullion market yesterday, showing little after reaction to the measures on exchange controls and gold ownership by UK residents. The metal opened at \$367.38, the highest level of the day, and fell to a low point of \$362.34. In Paris the 12 1/2 kilo gold bar was fixed at Ffr 53,600 per kilo (\$393.42 per ounce) in the afternoon, compared with Ffr 53,875 (\$395.90) in the morning, and Ffr 54,500 (401.59) Monday afternoon. In Frankfurt the 12 1/2 kilo bar was fixed at DM 22,455 per kilo (\$336.97 per ounce) compared with DM 22,330 (\$334.00) on Monday.

Gold Bullion (fine ounce)

Table with columns: Close, Opening, Morning Fixing, Afternoon Fixing, Gold Coins, Kruggerand, Mapleleaf, New Sovereigns, King Serv., Victoria Sov., P.F. Napoleon, 100 Cor. Austria, \$10 Eagles, \$5 Eagles.

REPAYMENT OF MONDAY'S

Large market advances with a small net take up of Treasury bills to finance. There was a small excess of revenue transfers to the Exchequer over Government disbursements, and there was a slight increase in the note circulation. Overnight money in the interbank market opened at 14 1/4 per cent and rose on the short end to 14 1/4 per cent. Most of the day's business was done at 14 1/4 per cent, although rates eased during the afternoon to between 10 per cent and 12 per cent. Rates in the table below are nominal in some cases.

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September, 1979

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FINANCIAL TIMES SURVEY

Wednesday October 24 1979

COTTON

Cotton has staged a remarkable comeback this decade, partly because as a textile it has been much less hit by higher oil prices than the competing man-made fibres and partly because of a growing fashion for natural fabrics. The industry is now girding itself to consolidate its successes.

Poised for a fresh attack

John Edwards
Commodities Editor

COTTON IS very much taken for granted. It is perhaps not generally realised that it is by far the single most important textile fibre, accounting for over 50 per cent of the raw material used by the industry. It is likely to play an even greater role in helping to clothe the world's population in the years ahead as man-made fibres are undermined by the rise in oil prices. There are hopes too that cottonseed, which is already a big supplier of edible oil, will also provide a great deal more of the protein so urgently needed in the world.

At the same time cotton is a major source of income for many of the poorer countries, providing the bulk of export earnings for the developing world both as a primary pro-

duct and, in recent years, a growing trade in manufactured goods.

Cotton has its problems, however. Not so long ago the industry seemed destined to be relegated to a minor role as man-made fibres captured an increasingly large share of the textile market.

Although the battle for survival has been won—with the unwitting help of the oil producers—there is still a hard struggle ahead for cotton. It too has been hard hit by the oil price increases, which have raised the cost of production all down the line—from farming inputs, such as tractor fuel and fertilisers, right up to the general inflation in the cost of manufacturing processes. And although cotton is now price-competitive with man-made fibres, it should be remembered that price is not everything. It is often just an excuse for lost sales.

Inroads

The first big inroads into the cotton market were made when synthetic fibres were considerably more expensive. They were able, however, to offer advantages to consumers—such as easy care and cleaning—that cotton was unable to match adequately.

Considerable research efforts have been made to improve the qualities of cotton while retaining its growing appeal as a "natural" product, and these are just about to bear fruit. But the rise in oil prices, and pressure on supplies, have together

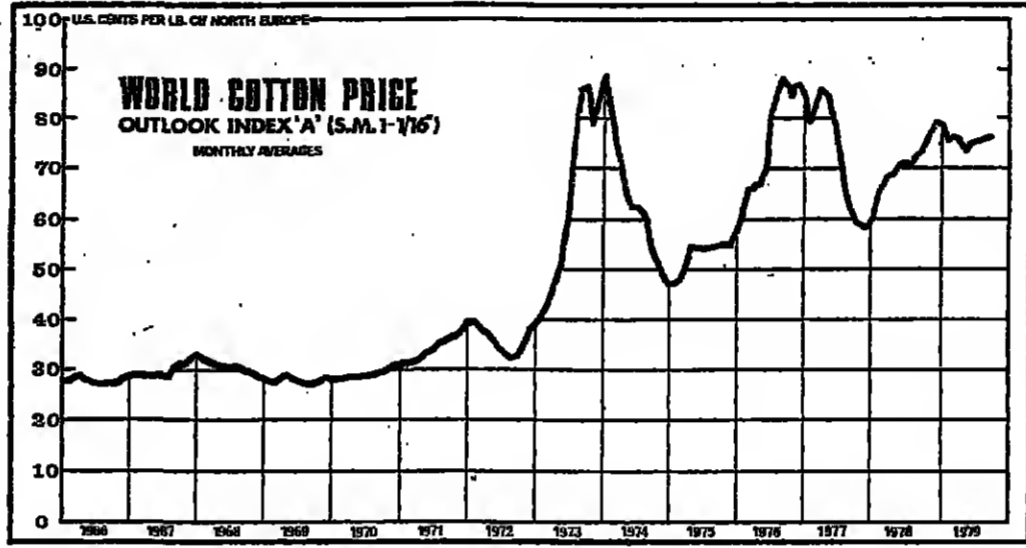
made synthetic fibre manufacturers rationalise their industry by cutting out surplus and unprofitable capacity. As a result they are by no means a spent competitive force, and indeed show signs of being in a stronger position to compete, despite losing the previous price advantage.

Last year cotton suffered a marginal setback in two of its major markets—Europe and Japan—with cut-price imports reducing demand from spinners. Short-term prospects are looking far from rosy with the predicted economic recession in the U.S. threatening to bring a general downturn in the textile industry.

If a setback in prices occurs as a result of a drop of demand from the textile industry, this might well persuade cotton growers to turn to other more profitable products and create a shortage of supplies that would weaken cotton's future competitiveness. In certain areas, such as Sudan and Egypt, there is already pressure to move out of cotton into foodstuffs required for domestic consumption.

Even if this were to happen, however, the potential for increasing production is considered to be more than adequate to cater for the expected growth in demand. Yields in many areas, especially some of the developing countries, could be considerably raised by better husbandry and more inputs, let alone improved varieties.

Production may also be encouraged by current research into developing the use of cot-



tonseed meal as a foodstuff. The presence of a toxin, known as gossypol, in the cottonseed prevents it as yet from being utilised for human consumption. But new technology is being developed that will effectively remove the presence of gossypol and open up new market for cottonseed flour that could be a valuable extra source of protein.

The objective is to secure an international agreement among the leading producing and consuming countries to stabilise prices with the use of a central buffer stock that would buy up surplus supplies when the market falls too low and sell when prices go too high. Negotiations for a cotton pact are going very slowly indeed, however, and there are serious doubts as to whether a buffer stock is feasible or the best way of tackling the problem. Cotton has an additional complication in that the two leading exporters are the U.S. and the Soviet Union, who would benefit much more than developing countries.

The U.S. at one stage controlled the world price of cotton by holding massive surplus stocks that were available at specified price levels. But circumstances have changed a lot since then, if only in the huge cost involved in holding stocks, as well as the need to be flexible in meeting competition.

tions of the UN Food and Agriculture Organisation. Although cotton did suffer during times of economic recession, it managed to improve its market share against other fibres.

Fickle

Improvements in its "easy care" properties should help to maintain its popularity, especially if prices remain competitive. But fashion is a fickle creature and any complacency by cotton producers, based on man-made fibres being forced out by oil supply problems, could be extremely dangerous. Just like any other produce cotton has to be sold and marketed properly if it is to recapture more of its lost sales in the textile industry and thereby provide producers with an adequate return.

to move ahead again, providing it is recognised that successful market promotion is just as important as ensuring adequate supplies and avoiding violent price fluctuations.

It is often claimed that the expanding markets for cotton are in the developing world. This is true to some extent, but it should be remembered that much of the raw cotton usage in the growing textile industries in developing countries comes back to the developed world in the form of manufacturer goods—a fact that has aroused some anger from spinners in developed countries who have received sympathetic support from some governments in response to pleas for protection from "cheap price" imports.

China is also seen as a potentially huge market for expanding cotton sales. The Chinese in recent years have stepped up their purchases of cotton in the world market considerably. However, it is doubtful whether this demand will continue to grow at the same rate. China is already rapidly increasing its productive capacity for man-made fibres to take advantage of its oil supplies and abundance of cheap labour.

It could well be that China in the years ahead may satisfy domestic demand with man-made fibres and either cut down cotton purchases or even become a net exporter of cotton goods.

The U.S., Japan and Western Europe are likely to remain the leading markets for cotton, where the battle against competitive fibres will be fought.

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COTTON III

Easy-care qualities on the way

By the end of this year more than 1m easy-care cotton shirts will have been sold to American men by two of the leading U.S. shirt makers, and by spring next year production of a similar shirt is expected to be underway in Britain. The shirts are the culmination of a long period of research aimed at imparting suitable easy-care properties to cotton and if they prove as successful in the market place as the manufacturers hope, cotton will be able to claim finally to have overcome its most important commercial drawback.

Easy-care properties have been the main reason why cotton-polyester blends have attained a dominant position in products such as shirts and sheets in the U.S. and much of Europe, largely at the expense of 100 per cent cotton products. The increase in the number of women at work and the demand for more leisure has meant that most housewives now have far less time available for ironing and have hence wanted products that require only minimal pressing after washing. Cotton shirts have for this reason all but disappeared in the U.S. and in the UK they are represented mainly at the top end of the market.

Various treatments aimed at overcoming this problem have been tried but they have tended to solve the easy-care problem at the expense of weakening the fabric and reducing its wear life.

The arrival in the shops of the latest generation of easy-care cotton shirts—possibly to be followed soon by easy-care cotton sheets as well—is the result of separate but complementary work that has been carried out in the laboratories of textile companies and research organisations around the world including the Manchester-based Technical Research Department of the International Institute for Cotton (IIC).

The Norwegian textile development company, TEDECO, had become aware that the immersion of cotton fabrics in liquid ammonia resulted in improved easy-care properties—washing without shrinking or excessive creasing. Its work was taken up by the Sanforized company in the U.S., which has commercialised the process under the name Sanfor-Set and sold it to a number of leading American mills.

Altogether seven Sanfor-Set ammonia plants have been built in the U.S., mainly for processing denim, and total capacity now totals more than 100m sq metres a year—20 per cent of total U.S. denim production capacity. The advantage gained from treating denim in this way is greatly improved appearance after washing. The garment emerges from washing machines and tumble drier free of wrinkles; just as important, there is no interference with the fading process which customers demand.

The parallel work in Europe has been in the development of new systems for applying chemical treatments to fabrics, including easy-care resins. One major problem has been that chemists have tended to migrate to the surface when fabrics are being dried, emulsifying fibres on the surface and reducing subsequent abrasion resistance during wear.

As Dr. Frank Burkitt, director of IIC's technical research department points out, however, their own work had shown that with the use of less water migration could be cut down, and a more even distribution of resin achieved. Research in the same direction had also been prompted by oil price rises which have greatly increased textile industry finishing costs. Not only have oil-based chemicals become more expensive; where they are applied by passing fabric through a bath of liquor the cost of subsequently removing water has risen substantially, as too in many cases has the cost of the water itself.

The result has been a number of new systems for applying finishes, one of the earliest being that of the Swiss company Triatex. Developed in conjunction with the IIC the Triatex MA (Minimum Application) system involves passing fabric over the top of a roller the bottom of which is immersed in a bath of ammonia. A film builds up on the roller which is then transferred to the cloth as it passes over. Sensors which weigh the dry and wet (before and after) weights of the cloth automatically control the speed of the roller and ensure the correct take up of liquor.

Breakthrough

About 28 Triatex MA systems have now been installed, mainly in Europe, but the breakthrough which the IIC has been hoping would occur, and which has now made the extension of easy-care into lighterweight fabrics such as shirts and sheets possible, is the linking-up of the ammonia and finishing developments.

While the ammonia treatment on its own gives desirable extra properties to heavy fabrics like denim, lightweight fabrics such as shirts, where appearance is particularly important, need chemical treatment if they are to match the wash-and-wear performance of cotton-polyester. Furthermore, IIC work had shown that pre-treatment with ammonia actually improved the take-up of easy-care chemicals in fabrics.

As it happens the first Sanfor-Set ammonia processing plant is now being commissioned in Europe at Augsburg in Germany under the commissioning of Martin, which since 1974 has had Triatex MA processing. Similarly in the U.S. Dan River Inc. of Danville Virginia has

recently added a Triatex MA machine alongside its ammonia processing range installed in 1978.

Other systems for adding chemicals to cotton fabrics involving greatly reduced water usage are also being developed. Union Carbide, the chemical group, has linked with Gaston County in the U.S. to develop a foam system, and at the recent ITMA exhibition a number of spray systems were on show. All of these could help to spread the use of effective easy-care processes for cotton.

Much will now depend on the success which the two U.S. shirtmakers, Arrow and Van Heusen, have with easy-care shirts, and on the progress made by the British entrant, Double Two. Other shirt makers are likely to be watching very closely, however, and the IIC is confident other brands will feel obliged to enter the market. Sheeting, another product which presents problems, is likely to be the other rapid growth area for ammonia processing and minimum add-on finishes. The Norwegian company Dale Fabrikker has been ammonia treating sheets for some time, and successful trials have recently been held in Japan.

The main obstacle to the spread of ammonia processing is likely to be high capital cost of the equipment—at more than \$1m the sort of sum which only the big American mills or major European commission finishers are likely to want to spend. Furthermore, most big mills in Europe, as in America, are now very heavily committed to the existing easy-care fabric—polyester-cotton—and may take some persuading to change. The IIC believes the consumer appeal of cotton will provide the motivation, but that in any case the strong price advantage cotton now has over oil-based raw materials such as polyester will provide a further incentive for greater use of cotton and hence for investment in cotton processing equipment.

The next steps, according to Dr. Burkitt, now lie with the machinery makers and their customers the mills. IIC's work in the field now consists mainly of experiments to see if the liquor used in applying chemicals can be reduced still further, with energy savings the main motivation. The IIC is also interested in whether the low pick-up can be used for other chemicals that need to be applied to cotton and in the way pre-treatments such as scouring, bleaching and mercerising affect pick-up.

With most of the necessary research work on ammonia processing and low add-on now completed, however, the IIC has taken the opportunity to re-direct part of its effort towards another important area of interest—cotton's place in knitted goods.

Though knitted cotton has always held a very strong position in underwear, particularly men's underwear, it has never been a major outerwear fabric. Recently, however, partly as a result of the increased favour in which cotton goods as a whole have been held by consumers, more mills in Europe have shown interest in developing cotton outerwear ranges.

For cotton there are a number of problems involved in tapping this potentially large new market. Quality requirements for outerwear fabrics are higher than for underwear, while the knitting of cotton yarns is much more difficult than knitting man-made fibre yarns. The many variables involved—different fibre counts and lengths and different machinery settings—also mean that standards are hard to define, making life particularly difficult for finishers who may receive fabric supposedly of the same quality from a number of different mills but which in fact varies widely.

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Quest for price stability

COTTON PRICES have stayed in a remarkably narrow range during the past year, reflecting the reasonable balance between supply and demand. But there have been some volatile price movements in recent years that have caused concern both to producers and consumers.

The cotton industry became accustomed to price stability over a long period when the market was dominated by the huge surplus stocks held by the U.S. Government as a result of price support programmes for farmers. So when the U.S. Administration changed its policy and the surplus cotton stocks were released, the resultant volatility of prices came as quite a shock.

Suddenly forward contracts at fixed prices that had been the cornerstone of trading in the past had on several occasions to be "renegotiated" when a buyer or seller found that the market price had changed dramatically in his favour.

In the U.S. there was an upsurge of activity on the New York cotton futures market, which had suffered a long dull period when prices were effectively controlled. Although inevitably there is a great deal of speculative participation on the New York futures market, it is much more closely linked with trade interests and serves a very useful function in providing genuine facilities for hedging against unpredictable price fluctuations.

But the New York futures market tends to be dominated by internal influences, which at times have a contrary impact to the rest of the world.

A rise in U.S. cotton exports would, for example, be viewed "bullishly" in New York since it would mean a reduction in domestic stocks. But for the rest of the world the prospect of greater supplies would have a depressing effect on prices.

Unfortunately, efforts to launch cotton futures markets outside the U.S. have not met with much success. An attempt to attempt to introduce cotton futures trading in London failed through lack of support and the same appears to be happening to the recently introduced Hong Kong cotton futures contract.

Effectively, therefore, world price trends are set in New York and producers, merchants and consumers outside the U.S. on some occasions are unable to protect themselves adequately against violent price fluctuations.

For merchants and consumers any change in prices can very often be passed on, but producers—particularly the poorer developing countries—can be hard hit by a price fall in the commodity supplying the bulk of their export earnings.

One solution to this problem put forward by the United Nations Conference on Trade and Development (UNCTAD) was to launch an integrated programme for commodities calling for international agreements on price stability measures between the leading importing and exporting countries. The main mechanism to be used to control prices is a buffer stock to buy up surplus supplies and sell in times of shortage. Little progress has been made, however, towards an international cotton agreement, with developing and developed countries adopting very different stances.

At the last meeting held in Geneva last month 16 developing countries, accounting for about 30 per cent of world cotton trade, came out strongly in favour of an international agreement to reduce the instability of cotton prices. But on the other side the U.S., the world's biggest exporter of cotton, said it was not convinced that the case for international action to reduce price instability had been made. Its view was supported by Japan, the world's leading importer of

cotton, which claimed that its studies have not revealed a sufficient degree of price instability to justify intervention measures on an international scale. The EEC took a somewhat similar, if more lukewarm line.

To avoid a complete breakdown, it was agreed to resume discussions next spring, but there is little likelihood of any agreement emerging even then.

There are increasing doubts, even among producers, as to whether a buffer stock for cotton is even feasible and, in any event, the right way to attempt to control market prices. An increasing body of opinion, especially among consumers, believes that it would be better to allow free market forces to operate unhindered, but that some scheme of compensation for countries hard hit by any drop in export earnings should be worked out. This, it is argued, would be cheaper and more effective than attempting to establish a costly buffer stock on an international scale.

What may emerge from future negotiations is the creation of an independent study group, which could be used as a forerunner for an international price agreement.

Initially the group would concentrate on compiling statistics and information on supply/demand trends, and perhaps coordinate marketing activities in the manner currently performed by the International Institute for Cotton, to boost cotton sales and improve prices by sustaining demand. Already a new organisation, called Cotton Development International, has been formed.

This is of course a far cry from controlling cotton market prices. And should prices come under pressure again next year as a result of an economic recession, developing countries might renew their bid for more positive action.

John Edwards

Cotton Merchants



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WORLD STOCK MARKETS

Companies and Markets

Early Dow rally halted

INVESTMENT DOLLAR PREMIUM... Effective \$2.1130 1 1/4% (44%)... AN INCREASE in the prime rate...

Real Estate and Construction issues continued to reflect higher mortgage and interest rates... Trizec Corporation fell \$3 to \$18...

Street overnight, but trading houses and energy-related issues recovered sharply in the afternoon on cheap buying... Nippon Oil led the gains...

Indices

NEW YORK - DOW JONES table with columns for Oct 22, 23, 15, 16, 17, 18, 19, 20, 21, 22, 23, 1979 High, Low, 1978 High, Low.

STANDARD AND POORS table with columns for Oct 19, 20, 21, 22, 23, 1979 High, Low, 1978 High, Low.

MONDAY'S ACTIVE STOCKS table with columns for Stock, Price, Change.

NEW YORK Stock table with columns for Stock, Oct 22, Oct 19, Oct 22, Oct 19.

Stock table with columns for Stock, Oct 22, Oct 19, Oct 22, Oct 19.

Hong Kong Stock prices eased marginally in lackluster dealings with the Hang Seng Index falling 4.11 points to 658.11... Tokyo Share prices closed higher...

MONTEAL table with columns for Oct 22, Oct 19, Oct 22, Oct 19.

JOHANNESBURG table with columns for Oct 22, Oct 19, Oct 22, Oct 19.

NEW YORK Stock table with columns for Stock, Oct 22, Oct 19, Oct 22, Oct 19.

Stock table with columns for Stock, Oct 22, Oct 19, Oct 22, Oct 19.

Australia Energy shares led price rises, dealers said... Tokyo Prices eased marginally in lackluster dealings...

MONDAY'S ACTIVE STOCKS table with columns for Stock, Price, Change.

NEW YORK Stock table with columns for Stock, Oct 22, Oct 19, Oct 22, Oct 19.

Stock table with columns for Stock, Oct 22, Oct 19, Oct 22, Oct 19.

AMSTERDAM table with columns for Price, + or -, Div. Yld. %.

STOCKHOLM table with columns for Price, + or -, Div. Yld. %.

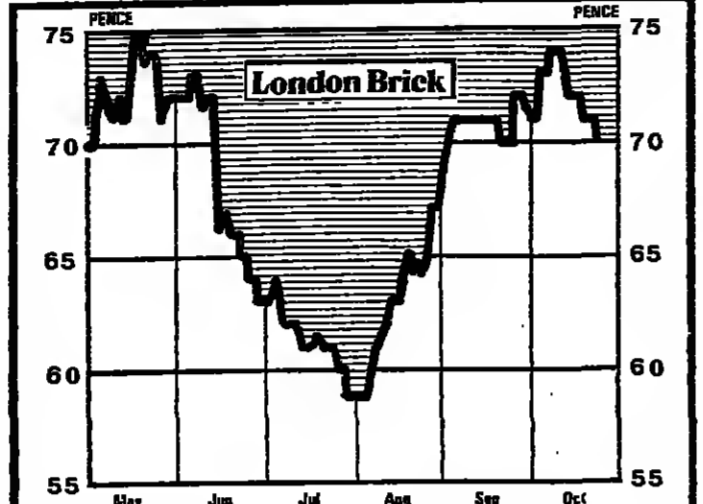
PARIS table with columns for Price, + or -, Div. Yld. %.

LONDON STOCK EXCHANGE

Domestic and overseas influences weigh on equities Exchange controls abolition has no immediate impact

Account Dealing Dates Option 'First Declared Last Account Dealings Dates Day Oct 8 Oct 19 Oct 22 Oct 23 Nov 1 Nov 2 Nov 12 Nov 13 Nov 15 Nov 16 Nov 26 ...

ello's statement on exchange controls. The announcement that remaining restrictions, apart from those on Rhodesian stocks, were to be abolished from mid-November yesterday found the market in uncertain mood and disinclined to make immediate judgments about the likely effects on markets.



of 4. EMI ended without alteration at 45p, after easing slightly initially, but Plessey shaded a penny to 125p and Bazel gave up 4 to 235p. Elsewhere, speculative demand pushed Eagle Electronic up 9 to 135p and Laserdisc Scott 6 to 73p. Bull reflecting the annual results, announced one-for-one scrip issue, Pressac formed 2 more to 112p. Fidelity Radio closed unaltered at 81p following the interim figures. In contrast, scattered offerings left Farnell 4 cheaper at 250p, while similar losses were marked against; Hurread, 256p, and Unitech, 222p.

Tube became a better market at 250p, up 6, after the previous day's late setback of 14 on the company's estimated 520m set back in pre-tax profits due to the recent engineering strike. Other leading Engineering shares also trended a little firmer. GKN rallied 2 to 252p and Hawker a similar amount to 165p. Vickers, however, encountered fresh offering and gave up 3 more to 131p. Elsewhere, Ductile Steels provided one of the few bright spots at 89p, up 5 in response to better-than-expected results. In contrast, Jones and Shipman gave up 5 to 190p, while Vesper lost 10 to 190p in a restricted market.

LONDON TRADED OPTIONS table with columns for Option, Ex. rise, Closing price, Vol., and Equity close. Includes sub-tables for January, April, July, and November.

weekend Press comment, put on 2 for a two-day gain of 5 to 201p. Comment on the better-than-expected interim results helped Mothercare rise 8 for a two-day advance of 26 to a 1979 peak of 194p. Other Store majors traded quietly dull with Marks and Spencer closing 3 down at 94p and Gussies 'A' 4 lower at 374p.

RISES AND FALLS YESTERDAY table listing various stocks and their price changes. Includes sections for NEW HIGHS AND LOWS FOR 1979 and FOREIGN BONDS.

Options and Debon, Western Mining, James Neil, Lofs, Premier Consolidated, Lonrha, Kitchin, Queen, Oil Exploration, Charterhouse Group, GEC, Hawker Siddeley, Tubes and Grand Metropolitan. Land Securities and Town and City were dealt in for the put, while double options were arranged in EMI, Shell Transport, Burmah Oil, Ladbroke Warrants and LRC International.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Jan, Last, April, Last, July, Last, and Stock. Includes sub-tables for Nov, Dec, and March.

NEW HIGHS AND LOWS FOR 1979 table listing various stocks and their high and low prices for the year.

ACTIVE STOCKS table listing various stocks and their closing prices and changes. Includes sections for RECENT ISSUES and EQUITIES.

BASE LENDING RATES table listing various banks and their lending rates for different terms.

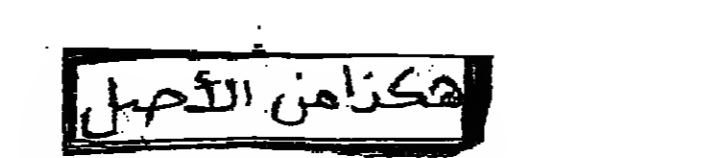
FIXED INTEREST STOCKS table listing various fixed interest securities and their prices and yields.

FT-ACTUARIES SHARE INDICES table listing various share indices and their values and changes.

FINANCIAL TIMES STOCK INDICES table showing various stock indices and their values and changes.

HIGHS AND LOWS S.E. ACTIVITY table listing high and low prices for various stocks and their activity.

FT-ACTUARIES SHARE INDICES table listing various share indices and their values and changes.



مكتبة الأمل

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), Abbey Unit Tr. Mgrs. (b), Abbey Unit Tr. Mgrs. (c), etc., with columns for name, manager, and other details.

Table listing insurance and property funds including Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., etc.

INSURANCE & PROPERTY FUNDS

Table listing insurance and property funds including Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd., etc.

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), Abbey Unit Tr. Mgrs. (b), Abbey Unit Tr. Mgrs. (c), etc., with columns for name, manager, and other details.

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), Abbey Unit Tr. Mgrs. (b), Abbey Unit Tr. Mgrs. (c), etc., with columns for name, manager, and other details.

OFFSHORE & O'SEAS FUNDS

Table listing offshore and overseas funds including Alexander Fund, Allen Harvey & Ross Unit Tr. Mgrs., Allen Harvey & Ross Unit Tr. Mgrs. (a), etc.

NOTES
Here do not include a premium amount where indicated, and are in pence unless otherwise indicated.



FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

Table listing various food and grocery items with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

HOTELS AND CATERERS

Table listing hotels and caterers with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

INDUSTRIALS (Misc.)

Large table listing various industrial stocks with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

ENGINEERING—Continued

Table listing various engineering stocks with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

CHEMICALS, PLASTICS—Cont.

Table listing various chemical and plastic stocks with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

BANKS & HP—Continued

Table listing various bank and hire purchase stocks with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

FOREIGN BONDS & RAILS

Table listing various foreign bonds and rail stocks with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

BRITISH FUNDS

Large table listing various British funds with columns for stock, price, and change. Includes items like Borden's, Borden's, Borden's, etc.

INTERNATIONAL BANK CORPORATION LOANS

Table listing international bank corporation loans with columns for stock, price, and change.

COMMONWEALTH & AFRICAN LOANS

Table listing commonwealth and African loans with columns for stock, price, and change.

CANADIANS

Table listing various Canadian stocks with columns for stock, price, and change.

BANKS AND HIRE PURCHASE

Table listing various bank and hire purchase stocks with columns for stock, price, and change.

BEERS, WINES AND SPIRITS

Table listing various beer, wine, and spirit stocks with columns for stock, price, and change.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing various building industry, timber, and road stocks with columns for stock, price, and change.

DRAPERY AND STORES

Table listing various drapery and store stocks with columns for stock, price, and change.

ELECTRICALS

Table listing various electrical stocks with columns for stock, price, and change.

FOOD, GROCERIES, ETC.

Table listing various food, grocery, and other items with columns for stock, price, and change.

ENGINEERING MACHINE TOOLS

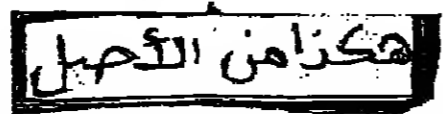
Table listing various engineering machine tool stocks with columns for stock, price, and change.

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INDUSTRIALS—Continued table listing various industrial stocks with columns for Stock, Price, and other financial metrics.

INSURANCE—Continued table listing insurance companies and their stock prices.

PROPERTY—Continued table listing property-related stocks and investment trusts.

INVESTMENT TRUSTS—Cont. table listing investment trusts and their performance.

FINANCE, LAND—Continued table listing finance and land-related stocks.

MINES—Continued table listing mining companies, including Australian and TINS.

OVERSEAS TRADERS table listing international trading companies.

TEAS table listing tea companies, specifically India and Bangladesh.

MINES table listing various mining operations across different regions.

FINANCE table listing financial institutions and services.

REGIONAL MARKETS table listing market data for various geographical regions.

LEISURE table listing leisure and entertainment related stocks.

MOTORS, AIRCRAFT TRADES table listing motor vehicles and aircraft-related companies.

SHOES AND LEATHER table listing footwear and leather goods companies.

TEXTILES table listing textile manufacturing companies.

PAPER, PRINTING table listing paper and printing industry stocks.

INSURANCE table listing insurance companies (repeated from top section).

SHIPPING table listing shipping and maritime companies.

SOUTH AFRICANS table listing companies based in or related to South Africa.

TOBACCO table listing tobacco companies.

TRUSTS, FINANCE, LAND table listing trusts and financial services.

FINANCE, Land, etc. table listing finance and land services (repeated from top section).

COPPER table listing copper mining and processing companies.

RUBBERS AND SISALS table listing rubber and sisal companies.

TEAS India and Bangladesh table listing tea companies (repeated from top section).

MINES CENTRAL RAND table listing mining companies in the Central Rand region.

FINANCE table listing financial institutions (repeated from top section).

REGIONAL MARKETS table listing regional market data (repeated from top section).

AUSTRALIAN

AUSTRALIAN table listing Australian stocks.

TINS table listing tin mining companies.

COPPER table listing copper mining companies.

MISCELLANEOUS table listing various other stocks.

GOLDS EX-PRIMUM table listing gold mining companies.

NOTES table listing financial notes and information.

OPTIONS table listing options and call rates.

DIAMOND AND PLATINUM table listing diamond and platinum related stocks.

CENTRAL AFRICAN table listing Central African stocks.

U.S. steel bid by Japanese

By IAN HARGREAVES IN NEW YORK

NIPPON KOKAN, Japan's second largest steel maker, is bidding to become the first Japanese concern with a significant holding in the U.S. steel industry.

the West Coast—nationally imports account for only 14 per cent of the market—because the trigger price system is based on Japanese prices and the Japanese pose the most serious threat on the West Coast where their transport costs are lowest.

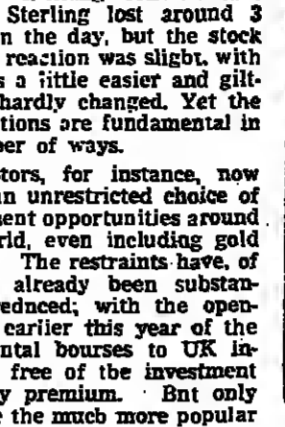
U.S. set to order Rapier missiles

By Lynton McInain

THE U.S. DEFENCE Department is expected to sign a \$173m contract for British Aerospace Rapier missiles "within weeks", Mr. Geoffrey Pattie, Minister for the RAF, said in London yesterday.

THE LEX COLUMN The challenge of a new era

Index fell 4.7 to 462.0



The City could hardly believe it. After 40 years—longer than the working lifetimes of most people in banking and the stock market—exchange controls have gone.

points in some cases. Since the Volcker measures of October 8 Eurobond prices have fallen by close to a tenth.

Industry Bill spells out NEB role

By JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT last night paved the way for Sir Leslie Murphy, full-time chairman of the National Enterprise Board, to be replaced next year by a part-time chairman and a full-time chief executive.

statutory role of extending public ownership has been replaced by a requirement to promote private ownership by gradually disposing of its assets, and the top limit of new investments it can make without detailed approval from Sir Keith is cut from £10m to £5m.

There has been intense lobbying by Britain to persuade the U.S. authorities to buy more British defence equipment. Britain buys four times as much defence equipment from the U.S. as is exported to U.S. forces.

Now the barriers are down. It will no longer be possible for the UK securities markets to offer radically different values to the major stock exchanges around the world.

investment currency traders closing their final deals last night were confident of continued employment elsewhere in their foreign exchange departments.

Paterson Zochonis Many companies have burnt their fingers in the Nigerian market over the last year or two and Paterson Zochonis has looked more vulnerable than most with well over half its profits coming from this part of the world.

Sainsbury goes into D-I-Y business

By David Churchill, Consumer Affairs Correspondent

J. SAINSBURY the supermarket chain is to enter the fast growing do-it-yourself market in the UK, estimated to have sales of more than £1.5bn a year, in a joint venture with a large Belgian retail group.

Stock Exchange loses fight for restrictive practice exemption

By CHRISTINE MOIR

THE Stock Exchange has lost its fight against being referred to the Restrictive Practices Court. Speaking in the Commons yesterday during the second reading of the Competition Bill, Mr. John Nott, Trade Secretary, said that the Stock Exchange should be removed from the scope of the restrictive practices legislation.

Any revisions would, however, have to be referred by the court. The Stock Exchange's initial reaction was one of barely concealed fury. Mr. Nicholas Goodison, chairman of the Stock Exchange, who has fought vigorously against the reference under two governments, said the "decision was purely political and the Government has overlooked the importance of the capital markets."

Mr. Pattie said he had hoped agreement could be reached with the U.S. so that "in a period of tension there will be a considerable augmentation by the U.S. Air Force of UK military aircraft strength."

Less obvious at this stage is how the City's banking system, divided into a domestic sector and the "offshore" Euro currency sector, will now develop. But the bankers will be conscious of the fact that though exchange controls have been abolished, exchange risks remain.

A state of near panic has gripped the Eurobond market over the last few days. Each upward lurch in U.S. interest rates has led to heavy mark-downs in Eurobond bond prices and the prospect of still higher prime rates is causing considerable trepidation.

In the UK, the proposed chain of home improvement stores will be smaller than in Belgium, averaging between 20,000 and 25,000 sq ft. But the retailing strategy will be exactly the same as the Brico chain in Belgium.

UK shipyards win BP order

By RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM has ordered two 108,000-tonne oil tankers, worth a total of about £43m, from British Shipbuilders.

each—was considerably higher than the tenders from some Far Eastern shipbuilders. British Shipbuilders will receive up to 25 per cent of the contract price. The first allocation to be processed under new arrangements for the inter-vention fund.

Weather

UK TODAY DRY with some sunny intervals in the East. S.E. England, E. Anglia Dry with bright intervals.

Table with columns for location and weather conditions (e.g., W. Scotland, N. Ireland, etc.)

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Carter seeks go-ahead on China trade pact

By DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER yesterday shelved his earlier approach of even-handed trade treatment for Moscow and Peking and formally asked Congress to approve the U.S.-China trade agreement signed in July.

U.S. imports from China overtook imports from the Soviet Union for the first time this year. Chinese exports to the U.S. were worth \$245.9m in the first six months of 1979, against Russia's figure of \$243.4m.

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